Daily Report

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Caricom Represented at Global Warming Conference

FL0402171091 Bridgetown CANA in English 1651 GMT 4 Feb 91

[Text] Washington, Feb 4, CANA—Caribbean Community (Caricom) member countries are being represented at an international conference on global warming which opened here on Monday.

Representatives from more than 130 nations will participate in the week-long meeting, expected to result in an international treaty to forge a worldwide response to the threat of global warming. The meeting, in which scientists, researchers, and government officials are participating, will seek to determine the potential impact of global warming on the natural world.

Over the weekend, Caribbean officials were involved in preliminary discussions and briefings with officials of other island-nations attending the meeting.

There is deep division about the magnitude of the threat of global warming and a key concern of Caricom participants is whether rising temperatures will cause seas to rise, one official said. He said the challenge for the Caribbean would be to pursue its development activity on an environmentally sound basis.

A United Nations study concluded last year that temperatures will rise about 2 degrees by 2025 and 6 degrees by the end of the century. According to one conference paper, scientists are trying to understand if rising temperatures will lead to increased cloudiness which could shield the planet from sunlight thus mitigating warming. However, certain types of clouds may increase warming by trapping more heat, the paper said.

Caribbean, Suriname Planners Seek OAS Aid

FL0402170091 Bridgetown CANA in English 1616 GMT 4 Feb 91

[Text] Castries, St. Lucia, Feb 4, CANA—Tourism officials from the Caribbean and Suriname have outlined priority areas in which they will seek support from the Organisation of American States (OAS) over the next two years, St. Lucia's director of tourism, Nicholas Thomas said. Thomas told CANA a two-day meeting of tourism officials held here under the auspicies of the Organisation of American States (OAS), concluded that OAS assistance was needed in the future development of the industry.

"Quite clearly all the islands have very similar concerns. I think the consensus view.... was that the OAS has instituted very good programmes in the past and we would like to continue that and we have given them some positive direction....," Thomas said.

The meeting here was to discuss and define national and regional tourism goals and priorities, programmes and projects to benefit from OAS technical cooperation during the Organisation's biennium programme.

The OAS will hold its sixth joint policy, programming, and coordinating meeting for the Caribbean and Suriname from Feburary 5-7 here, at which regional states will submit projects for OAS financing. Thomas told CANA that among the projects being submitted by the Caribbean tourism officials will be one dealing with "the environment and the development of natural attractions." "Its a priority as far as most of the (tourism) directors were concerned." He said another took into consideration public awareness and attitudes towards tourism.

"The objective was that the OAS would take on board the suggestions and ideas of directors of tourism for submission to the OAS secretariat and planning agencies," he added.

Tuesday's start of the OAS meeting here will be attended by the Organisation's Secretary General Joao Clemente Soares, and St. Lucia's ambassador to the OAS, Dr. Edsel Edmunds, who is also the chairman of the permament executive committee of the Inter-American Council on Education, Science, and Culture, one of two OAS bodies sponsoring the meeting.

The meeting's agenda will include technical cooperation and programming and implementation of projects pertaining to the Caribbean and Suriname. OAS director here Todd Payne said that it is expected that Guyana and Belize, two new members of the OAS will submit projects to the meeting.

Weekly Roundup on Regional Drug Seizures

PA0402005691

[Editorial report] Following is a compilation of reports on drug seizures and arrests related to drug trafficking in bureau coverage area from 23 January to 3 February. Source follows in brackets after each item.

Colombia

In separate operations, the Directorate of Judicial Police and Investigations arrested two men and seized 18 kg of cocaine in El Dorado airport. [Bogota EL NUEVO SIGLO in Spanish 24 Jan 91 p 8]

The Narcotics' Police 6th Company have burned 10 cocaine laboratories and six tons of cocaine paste imported from Peru and Bolivia in the Guaviare Jungle, located in the eastern part of the country. [Paris AFP in Spanish 0342 GMT 30 Jan 91]

Authorities have destroyed one cocaine laboratory and 500 kg of cocaine paste in El Aguila Municipality, Valle del Cauca Department. Drums containing acetone and ether, microwave ovens, and canisters to process the drugs were found inside the laboratory. [Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 2 Feb 91]

Mexico

The Federal Judicial Police's Narcotics Division have seized 256 kg of marijuana in an area located 28 km north of Ciudad Obregon, Sonora State. The drug was going to be taken to Michoacan State and later smuggled into the United States. [Mexico City XHTV Television in Spanish 0200 GMT 1 Feb 91]

Panama

Ramiro Yarbie, Special Anti-Drug Trafficking Force [FEAN] director, has reported the seizure of 455 kg of cocaine, valued at $24 million, and the arrest of 48 drug traffickers during the month of January in 45 separate operations throughout the country. [Panama City EL SIGLO in Spanish 30 Jan 91 p 33]

FEAN and Judicial Technical Police members have seized 20 kg of cocaine at a Panama City motel and arrested four Colombians. The drug was to be sold in Panama and was smuggled by the Cali Cartel. [Panama City CRITICA LIBRE in Spanish 1 Feb 91 pp 13, 50]

FEAN members arrested five Colombians on 1 February in Panama City's Acapulco Hotel. The Colombians, members of the Medellin Cartel, were carrying 50 kg of cocaine. [Panama City CRITICA LIBRE in Spanish 2 Feb 91 p 32]

Venezuela

The National Guard [GN] in Merida State arrested Hans Contreras and Arab businessman Han Yammoul, responsible for a 600 kg cocaine shipment seized by the Drug Enforcement Administration in Miami, Florida. Gang leader Italian Vittorio Vechione is still at large. In a separate operation the GN arrested 10 persons and confiscated 10 kg of cocaine in northern Caracas. [Caracas EL UNIVERSAL in Spanish 23 Jan 91 p 21]

This week the Police's Technical Corps in Zulia State and the Caracas Commission seized 110 kg of cocaine, weapons, three vehicles, and communications equipment. [Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 30 Jan 91]

Cuba

Roa Condemns 'Hegemonic Policies,' Neocolonialism

FL0502193091 Havana Radio Progreso Network in Spanish 1725 GMT 5 Feb 91

[Text] Cuba has condemned the manipulation of the self-determination of one country by another. It has added that there have been numerous reports on serious violations of all human rights, be they civilian, political, or socioeconomic.

Speaking before the 47th UN Human Rights Commission in Geneva, Cuban Vice Foreign Minister Raul Roa Kouri condemned the tendency of certain Western countries, particularly the United States, to manipulate the spirit of Resolution 15/14 issued in December 1960. He said this resolution was a landmark in the independence of countries and peoples under colonial rule.

Roa added that traditional colonialist ideas are still upheld and that there are more and more advocates of neocolonialism and unacceptable hegemonic policies.

Politburo Member Notes Need for More Spare Parts

FL0502211991 Havana Radio Reloj Network in Spanish 2045 GMT 5 Feb 91

[Text] The production of spare parts for domestic electrical appliances should reach the same levels of other areas to respond to the needs of the population. This was stated by Pedro Miret, member of the Communist Party of Cuba [PCC] Politburo, during the ceremony held in Camaguey Province to announce the Sixth National Spare Parts Forum. Lazaro Vazquez, first secretary of the PCC in Camaguey, also attended the ceremony.

Miret asserted that since it is impossible to import those domestic goods and especially their spare parts, it is essential to produce parts especially for refrigerators, television sets, and washing machines. He argued that if we are capable of recovering even locomotives, how are we not going to be able to guarantee a refrigerator compressor or the [words indistinct] for television sets? These are problems that need to be solved for the benefit of the population.

Escalona Welcomes Canadian Commons Delegation

FL0502171091 Havana Tele Rebelde Network in Spanish 1400 GMT 5 Feb 91

[Text] Juan Escalona Reguera, president of the National Assembly of the People's Government [ANPP], has welcomed a delegation of Canadian legislators, headed by Charles Dubois.

The Canadian House of Commons delegation, which consists of four legislators, has expressed interest in strengthening bilateral cooperation ties.

The Canadian legislators, who were invited by the ANPP, will view issues of social and economic interest. They are also scheduled to hold meetings with government officials.

Trial Opens for Rights Leader Martinez Lara

PA0602032291 Havana International Service in Spanish 0000 GMT 6 Feb 91

[Text] A City of Havana Province People's Tribunal opened this Tuesday a public trial against Alfredo Samuel Martinez Lara for acting against the state's security and for the crime of rebellion.

At the time of his arrest, Martinez Lara was executive secretary of the illegal Cuban Party for Human Rights. One of the objectives of this party, Martinez Lara has admitted, is to seize total or shared political power in Cuba.

During the trial, it was established that the accused had ties with officials from the Interests Section Office of the United States and that he was responsible for printing and circulating a clandestine newspaper called FRANQUEZA.

During the trial, Martinez Lara admitted that he had enjoyed full guarantees for his defense and that the authorities had treated him respectfully and with consideration.

On two past occasions, Martinez Lara has been found guilty of illegal association and illegal departure from the country. He is being defended by attorney Rene Manzano.

* FAR National Defense College Inaugurated

91p40125A Havana GRANMA in Spanish 8 Jan 91 p 1

[Text] Army General Raul Castro, second secretary of the Communist Party Central Committee and minister of the FAR [Revolutionary Armed Forces], presided at the inauguration of the National Defense College which took place yesterday at the General Maximo Gomez Academy, Order of Antonio Maceo, in the capital.

During the event which marked the official beginning of the first course of the new teaching institution, Division General Ulises Rosales del Toro, a first vice-minister of the FAR and chief of the general staff, summed up the missions, tasks and outlook of the college and described the nature of the instruction which will be given there.

"Carrying out the idea of the War of All the People requires giving to each Cuban revolutionary the necessary knowledge and means to defend the Fatherland," said Rosales del Toro who is also an alternate member of the Politburo.

The high-ranking military leader spoke of the moral and combative qualities exemplified by the principal military leaders of our revolution throughout history, by those who overthrew the tyrannical Batista regime and led the work of constructing socialism in Cuba.

He said our people demand that their cadres be bold, creative, and steadfast with unlimited fidelity toward the cause for which so many Cubans have given their lives. He said that this is the spirit of Baragua which must accompany us in the current circumstances until the final victory of the Fatherland of Maceo, Marti and Fidel is achieved.

Other party and government leaders, as well as leaders and officials of the FAR, also attended the ceremony.

* Economists To Host International Meetings

91p40126A Havana GRANMA in Spanish 2 Jan 91 p 1

[Excerpts] The National Association of Cuban Economists [ANEC] will host four international meetings this year devoted to analyzing concrete experiences of our economic life, according to Eduardo Klinger, ANEC secretary for international relations.

In May, Santiago de Cuba will be the site of a meeting of Cuban and Latin American economists during which the economic and social development of the mountainous areas will be discussed and the principal achievements of the Turquino Plan will be outlined.

Progress in the agroindustrial-sugar sector in Cuba will be the subject of a meeting in Villa Clara in September. The meeting will be attended by numerous specialists interested in the potential and technological achievements by our country in this sector.

An event is being organized for October in Camaguey which will deal with the agriculture-food situation in Latin America and the Caribbean. In November a meeting will be held in Sancti Spiritus to discuss Hispanic-Latin American economic relations. [passage omitted]

The ANEC was founded 11 years ago and has 20,000 members who are specialists in innumerable areas of production, services and scientific-technical research.

Dominican Republic

Balaguer Appoints Delegation for Inauguration

FL0502184191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 5 Feb 91

[Text] Dominican President Joaquin Balaguer last night appointed the Dominican delegation that will attend the inauguration of Haitian President-elect Jean-Bertrand Aristide. This ceremony is scheduled to be held on 7 February in Port-au-Prince.

This presidential decision is included in Decree No. 46-91. It establishes that the Dominican delegation will be made up of Foreign Minister Joaquin Ricardo, who will head the delegation; Luis Jose Gonzalez Sanchez, senator for Baoruco; and Jose del Carmen Acosta, the Dominican ambassador to Haiti.

Haiti

Aristide Blames Macoutes at Funeral of Victims

FL0602014191 Port-au-Prince Radio Metropole in French 1700 GMT 4 Feb 91

[Excerpts] The funeral of four young persons killed in the fire at the Family is Life orphanage this past weekend was held this morning at the Sacre Coeur Church. President-elect Jean-Bertrand Aristide attended the ceremony, as well as the minister of foreign affairs of the provisional government; Army Commander in Chief General Abraham; accredited ambassadors to Haiti, including the French and Chinese; and the president of the State Council. Attendance was high, and after the funeral, there was a peaceful march to the cemetery. Father William Smart officiated. [passage omitted].

President-elect Jean-Bertrand Aristide accused terrorist Macoutes of the arson. Father Aristide, who could not control his tears during a press statement, accused the terrorist Macoutes of being connected with drug trafficking and asked the American President and the United States ambassador to Haiti, Alvin Adams, to assist him in fighting against such activities.

The president [-elect] explained that there are three forces in the country: the Army, the people, and an armed minority of terrorist Macoutes who are enjoying impunity. It is this third force, he said, that must be condemned by law. Jean-Bertrand Aristide also pointed out that it is not without purpose that this force is now attacking the Army and the church, seriously injuring a Canadian priest. It is because they see the rule of law coming on 7 February, he said, the date of his inauguration, that they are doing everything they can to prevent it from happening.

The provisional government also condemned the burning of the premises of the Family is Life orphanage, which caused the deaths of four young people, and advised that an investigation is being conducted.

Aristide News Conference on Avalanche Organization

FL0602134091 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 5 Feb 91

[Report on news conference by President-elect Jean-Bertrand Aristide at the National Office for Industrial Promotion (ONAPI) in Port-au-Prince on 4 February]

[Excerpts] [Passage omitted] In a declaration made on 4 February, at the premises of ONAPI where the secretariat of the presidency is located, President-elect Father Jean-Bertrand Aristide announced that the avalanche operation has ended.

The president-elect said that the fork of division cannot drink the soup of democracy. He launched a call to the country's youth to keep organizing as mobilization cannot go far without organization. This is the reason why the operation has come to an end, said Father

Aristide, but the avalanche organization is forming so as to lead the country on the way of change.

[Begin Aristide recording] The avalanche operation is over. The avalanche organization has begun. The operation began to allow all overflowing rivers to meet to mobilize. Now the organization will lead us to build the country we want, a country with mutual respect, full employment, and justice for all; a country where everyone can live like brothers and sisters so there are no more deaths like today, so that there are no more terrorists operating with the rope of justice by their sides instead of around their necks. It is also through the avalanche organization that we can establish this ideal country. [end recording]

The president-elect also urged all political parties, especially the National Front for Change and Democracy [FNCD] to keep organizing to expand the avalanche organization which will comprise several groups such as peasant, youth, socio-professional organizations, and so forth.

[Begin Aristide recording] [Passage omitted] The political parties have their place, too. The difference is that this will depend on how many people are members of a given political party and how successful it was in recent elections. This will depend on how much such-and-such an organization espouses the people's claims and how faithful it is to the people in order to draw nearer and nearer toward the national direction. [end recording]

Father Aristide invited all the other political parties or alliances to contact the secretariat of the president to give their opinions and to make propositions about the avalanche operation [as heard] so that unity can be realized. Prior to Father Aristide's declaration, the FNCD election campaign committee reported on their activities before the 16 December and 20 January elections .

CANA Profiles Inauguration Week Schedule

FL0502205091 Bridgetown CANA in English 1432 GMT 5 Feb 91

[Text] Port-au-Prince, Haiti, Feb 5, CANA—Haiti prepares to inaugurate its first freely elected president since independence from France in 1804, with civic action groups sweeping the streets of the capital, and newly elected deputies swearing to uphold the constitution.

Thursday's inauguration of President-elect Rev. Jean-Bertrand Aristide will be watched by more than 100 new senators and deputies, several foreign leaders, and delegations from the Caribbean Community (Caricom) and the Organisation of American States (OAS) among others.

On Monday, Aristide, a populist Catholic priest, called for all political parties to rally in an effort to reconstruct Haiti and build a country where there is respect for human rights, justice, and the creation of jobs for all.

His comments came after all 27 senators and 82 of 83 deputies were sworn in. The legislators were elected in first round and run-off polls December 16, and January 6 and 20 respectively.

Ballots for the 83rd legislator were cast on Sunday.

The inauguration of Aristide will coincide with the fifth anniversary of the ouster of former dictator Jean-Claude Duvalier.

The Haitian Army has promised to maintain security for the inauguration.

A fire Friday destroyed the "Family of Life" orphanage started by Aristide, causing the deaths of four children. Aristide has blamed former Duvalierist regime supporters for the attack.

Among the guests expected for the inauguration are Jamaica's Prime Minister Michael Manley, Venezuelan President Carlos Andres Perez, and Danielle Mitterrand, wife of French President Francois Mitterrand.

Former U.S. President Jimmy Carter has also been invited.

French, Venezuelans Arriving for Inauguration

FL0602005191 Port-au-Prince Radio Metropole in French 1700 GMT 04 Feb 91

[Text] Foreign guests begin arriving in the country today for the 7 February inauguration of Jean-Bertrand Aristide.

Mrs. Danielle Mitterrand, French Republic Government representative, will arrive in Port-au-Prince this afternoon at the invitation of the Haitian authorities. Mrs. Edwise Avice, delegate for the French minister of foreign affairs, is also expected to arrive in Haiti on 6 February.

During her stay, Mrs. Mitterrand will visit projects sponsored by the foundation [as heard]. Included in her itinerary is a trip to Cap-Haitian, where she will converse with representatives of human rights organizations, nongovernment organizations, and political movements. Accompanying Mrs. Mitterrand, Mrs. Avice will participate in the events scheduled for the mandated inauguration of the elected president of the Republic.

Venezuelan President Carlos Andrez Perez is also expected to arrive on 6 February, and will meet with the press on the day following the inauguration ceremony of the president-elect.

About 2,500 invitations were sent to foreign personalities and governments on the occasion of the inauguration of Jean-Bertrand Aristide.

Cubans, Others Arriving

FL0502234191 Port-au-Prince Radio Metropole in French 1700 GMT 5 Feb 91

[Text] A delegation from Cuba will visit Haiti for the 7 February inaugural ceremonies. The Haitian singer Marta Jean-Claude will accompany the group.

Arriving today are the vice president of Brasil; a delegation from Trinidad and Tobago, Mr. (Michael Vachli) and Mrs. Gloria Henry; as well as an important OAS delegation headed by Secretary General Joao Baena Suarez.

Canadian Priest Shot by 'Gangsters'; 2d in Month

FL0502235991 Port-au-Prince Radio Metropole in French 1700 GMT 04 Feb 91

[Text] A Canadian priest was shot last Friday by gangsters carrying weapons. Although seriously wounded by a bullet in the head, his brain was not affected by the bullet. Damage around the victim's eyes, however, is significant. Father Gerard Pelacha, 72, is being treated by Haitian doctors. Father Pelacha has been living for more than 30 years in Haiti where he is director of the Saint-Jean Evangelist School.

Another Canadian priest, Father Alain Page, was killed by thieves on 17 January on a road near the north exit of the capital.

Jamaica

Coast Guard Seizes 1,025 Pounds of Marijuana

FL0502222191 Bridgetown CANA in English 1645 GMT 5 Feb 91

[Text] Kingston, Jamaica, Feb 5, CANA—The Jamaican Coast Guard seized marijuana weighing 1,025 pounds when they intercepted an American vessel off the island's east coast on Monday. Police said the "unskinny bop" was intercepted and boarded by officers of the Coast Guard cutter "HMJS Manatee Bay" in a pre-dawn operation off the coast of Port Antonio.

The boat was searched and the marijuana found. The boat and its crew, including an American and a German, were later arrested by the police Narcotics Division.

The seizure is the second in two weeks by the Coast Guard. On January 23, the "Conch Cruiser", an American vessel, was seized four and a half miles east of Port Antonio with a large quantity of drugs aboard.

Trinidad and Tobago

Government Offers Aid to Nationals in War Zone

FL0602023291 Bridgetown CANA in English 2205 GMT 5 Feb 91

[Text] Port of Spain, Trinidad, Feb 5, CANA—The Trinidad and Tobago Government says it is willing to help finance nationals who are caught up in the Middle East War zone and wish to return home.

"[The] government is willing to defray expenses incurred through any breach of contract by Trinidad and Tobago nationals who wish to return home from countries involved in the Gulf War," a statement from the prime minister's office said. More than two dozen Trinidadians, mostly nurses, are on contract in Saudi Arabia.

[The] cabinet has also authorised the minister of external affairs, Dr. Sahadeo Basdeo to inform the British high commissioner and the United States Embassy in Port of Spain of its intention.

"[The] government is prepared to defray expenses provided that returning nationals agree to accept employment with the government, and agree to deductions from their salaries of expenses incurred in ensuring their safety," the statement added.

[The] government is also assisting persons who have been inquiring about the whereabouts and safety of relatives close to the war zone and those with the United States Armed Forces. The United States Embassy here has been providing telephone numbers in the United States which can be used to enquire about relatives in the Armed Forces.

The United Kingdom has been asked to provide, on behalf of the Trinidad and Tobago Government, all the necessary assistance to nationals of this country in Saudi Arabia, the statement said.

State Revokes Appointment of Former Minister

FL0502232291 Bridgetown CANA in English 2113 GMT 5 Feb 91

[Text] Port of Spain, Trinidad, Feb 5, CANA—The Trinidad and Tobago Government on Tuesday [5 February] announced it had revoked the appointment of former junior external affairs minister, Eden Shand.

No reason was given in the terse two-sentence official announcement, seen here largely as formality, since Shand resigned his position last December, accusing Prime Minister A.N.R. Robinson of inflicting harsh economic policies on the people of Trinidad and Tobago.

Tuesday's statement from the prime minister's information division also announced that the office of Kenneth Butcher, a former parliamentary secretary in the Ministry of Health who tendered his resignation at the end of last year, was now vacant. Butcher had promised to step down if Robinson was voted as political leader of the ruling party at last year's annual conference of the ruling National Alliance for Reconstruction (NAR). Robinson was unanimously supported as political leader and returned to the top post unchallenged.

Both declarations were made by President Noor Hassanali, acting in accordance with the advice of, or after consultation with, the prime minister.

Salinas on Trade Agreement With U.S., Canada

PA0502235091 Mexico City NOTIMEX in Spanish 2146 GMT 5 Feb 91

[Text] Queratarо, Queratarо State, 5 Feb (NOTIMEX)—The Free Trade Treaty (TLC) that Mexico will conclude with the United States and Canada will comply with the provisions of the Mexican Constitution, and not vice versa, President Carlos Salinas de Gortari said here today.

When expanding on the decision by these three countries to initiate as soon as possible the negotiations for achieving a trilateral treaty, Salinas emphasized that "everything that is discussed and decided will be based on the provisions of our Constitution."

During the ceremony to mark the 40th anniversary of the Queratarо State University, Salinas de Gortari also gave his assurances that Mexico will act wisely and carefully, and that therefore the negotiations will last at least through the end of 1991.

Once the treaty is signed, he added, there will undoubtedly be a transition period in order to level out the economic differences between Mexico and the other two countries. In the meantime, he added, the senators will keep the nation informed of the progress in the negotiations.

"When the treaty is brought up for the discussion and approval of the legislators," the decision will be based on a thorough knowledge of the treaty.

Salinas de Gortari added that in these difficult international times, Mexico shows that its actions are meant to promote development and well-being among its peoples. Therefore, he emphasized, Mexico's interest in improving its economic relations with other nations forms part of a general strategy to place Mexico among the important centers of world trade.

On the other hand, he pointed out that it is worthwhile to mention today that the Mexican Constitution has guided the destiny of the nation, and it is being observed because it reflects the basic unity among all Mexicans.

"Internal unity is not just a statement, but a commitment on the values of nationalism, justice, and liberty," Salinas stressed.

President Salinas said that the political values that the Constitution contains have always protected Mexico in the international context and have been a decisive factor of domestic stability.

President Salinas noted that the main objective of the Mexican Constitution is to harmonize different values and ideas to secure common interests: unity, justice, and the country's sovereignty. "Let us live by this philosophy and let us not permit particular interests of any group weaken the common effort to secure Mexico's best interests."

The president said that the Mexican Government will keep the dialogue open to strengthen the country's institutions and the Constitution. He noted: "All the Mexicans will have to fulfill their commitment in the framework of the grand national effort. By doing this, we will strengthen domestic unity and sovereignty because we will be acting with prudence, decisiveness, deep patriotism and in line with the Constitution."

President Salinas said that political unity within the government will be maintained and the concerted effort with the community will continue.

Salinas stated: "This is how we, acting within the framework of peaceful international relations and according to the law, will promote the fundamental objectives of economic recovery and social justice."

Commerce Secretary Interviewed

PA0602044591 Mexico City XHTV Television in Spanish 0211 GMT 6 Feb 91

[Interview with Dr. Jaime Serra Puche, Commerce and Industrial Development secretary, by an unidentified reporter in Washington on 5 February—recorded]

[Text] [Reporter] Mr. Secretary, this morning we heard the announcement on the free trade agreement between the United States, Canada, and Mexico. What is the extent of this agreement?

[Serra Puche] As you said, Yolanda, this morning the three countries jointly announced there would be a trilateral negotiation between Mexico, the United States, and Canada. The extent of the agreement is very obvious and important. It will be the largest free trade area in the world because it will have 360 million people with a very important potential for market growth. It will have nearly $6 quintillion [seis trillones o seis billones de billones de dolares] in production per year. That is, it will be the largest free trade zone in the world. Business in this area will be great.

[Reporter] When studies began on the pros and cons of a free trade agreement, only Mexico was mentioned. Now Canada has been included. Does this mean the bilateral agreement is forgotten? Will the agreement between the United States and Mexico be forgotten?

[Serra Puche] As you know, the sequence went like this. Mexico and the United States decided to go ahead with a bilateral agreement. After a few months, Canada asked to be included in the creation of this free trade zone, which was announced today. I insist that it is a very positive signal to the financial and business worlds everywhere. Canada wanted to participate. We held a series of preliminary talks, as we have already told the public on several occasions, to study the advantages and disadvantages. After a series of meetings, we concluded that there are many more advantages than disadvantages in doing it trilaterally. There are a series of rules that will ensure its success. This agreement will not delay the

normal rhythm that a bilateral negotiation would have had. In the worse case scenario, if there are any complications, the bilateral negotiation between Mexico and the United States will continue.

[Reporter] We constantly read in newspapers here in the United States that as soon as something emerges, the Americans say it is an obstacle for a free trade agreement with Mexico. When another thing emerges, they say another obstacle has emerged. For example, we have heard about the oil issue. I think it would be good if you explained once and for all Mexico's position on the oil issue because on one hand we hear Commerce Secretary Robert Mosbacher and then we hear statements by other officials who say oil is an obstacle and that it should be included in the agreement. What is Mexico's position?

[Serra Puche] It is good that you asked me that so I can clear it up once and for all. We have reiterated it at all levels and have discussed it with our American counterparts. We have said that the prohibitions in our constitution will not be negotiated. We will not sign an agreement--as President Salinas de Gortari has said--that calls for changes in the Constitution. We will adjust the agreement to the Constitution, and we will not change any principle in the Constitution. This means that oil investment, exploration, and exploitation issues will not be discussed at the negotiating table. It is a good thing, Yolanda, that you mention Secretary Mosbacher. You may remember that Secretary Mosbacher and I were once in Texas, when Secretary Mosbacher himself said it would not be at the negotiating table. It is good that you allowed me to clear it up. Our position will not change. We will maintain that position and it is understood at all levels.

[Reporter] There are small problems that emerge. For example, there is talk about labeling problems. Will this be discussed in this type of forum?

[Serra Puche] Yes, exactly. The labeling of textiles is a measure we have been taking in Mexico because we were receiving many textile products, Yolanda, that did not meet certain standards, which were, nevertheless, required of Mexican textiles and clothing. So the same norms that were required of Mexican textiles were required of imported clothing. This has created some concern here and we have said it is one of the topics to be discussed. We have said that if there are any trade disputes, we will resolve them in a realistic manner. We hope to have a first version of this trilateral agreement by the end of this year.

[Reporter] As for workers, people are saying more workers will go there and others say more will come here. I understand that the labor force will benefit in Mexico because wages will increase. Is that true?

[Serra Puche] The idea is that as this free trade agreement allows us to have greater access to the American market—which you know is the largest in the world—and to the largest trade area in the world with this new agreement, we will be able to export more. To export more means more production in Mexico. If we produce more in Mexico, more jobs will be created in Mexico. The quality of life will increase, which is what we want to happen. I think we will have a process in which the quality of life will improve, and I believe there will be less pressures to migrate to the United States. As the president said, in Mexico we prefer to export goods and not persons. That is what the free trade agreement will allow us to do.

Bank of Mexico Reports Pemex Surplus for 1990

PA0502193091 Mexico City NOTIMEX in Spanish 1808 GMT 4 Feb 91

[Text] Mexico City, 4 Feb (NOTIMEX)—The Bank of Mexico has reported that the financial report for Mexican Petroleum (Pemex) reflects a 130 billion-peso surplus during the first nine months of 1990, after closing 1989 with a 1.980 trillion peso deficit.

The Bank of Mexico has reported that the Pemex income totalled 33.678 trillion pesos from January to September 1990 and its expenditures for the same period amounted to 33.548 trillion pesos.

The bank explained that Pemex earned 32.678 trillion pesos from the sale of goods and services, plus 822 billion pesos from other sources.

Pemex' operating costs totalled 11.774 trillion pesos, tax payments amounted to 17.245 trillion pesos, and other expenditures 4.529 trillion pesos.

The Central Bank stressed that Pemex' surplus for the first nine months in 1990 contrasts with the 1.501 trillion-peso deficit the quasi-state corporation reported for the same period in 1989.

It must be remembered that the Persian Gulf conflict has allowed Pemex to earn additional funds, permitting it to pay its 2.5 trillion-peso internal debt.

Belize

Texaco Succumbs to Government, Cleaning Spill

FL0502214191 Bridgetown CANA in English 1319 GMT 5 Feb 91

[Text] Belize City, Feb 5, CANA - An oil spill clean-up operation is underway in Belize, following the crash of a road tanker over two weeks ago. After being pressurised by the Ministry of the Environment, Texaco Belize said it would pay for the clean-up and provide fresh water for villagers affected by the spill.

The tanker was on contract to Texaco from a Mexican company. It was carrying heavy bunker oil used in the generation of electricity when it overturned near St. Margaret's Village on the Hummingbird Highway in the northern Maya Mountains. The road is notorious for its rough surface and narrow bridges and is soon to benefit from a major upgrading programme.

Ministry of Environment officials said they were aware of the oil spill within a couple of days but when they contacted Texaco, the company said it had no expertise to deal with it. Now, after a series of meetings and advice from the solicitor general, officials said they had persuaded Texaco to pay for the clean-up.

Environmental officer Ismael Fabro said retention barriers were now in place and fresh water was being supplied to villagers. A spokesman for Texaco said the company was doing all it could to help. He said about 200 gallons of oil had been spilled.

Last week, frustrated by the lack of any action, the St. Margaret's Village council issued a press release calling for action. The council said oil had reached 12 miles down the river and was affecting the delicate nesting beaches of the iguana. The hickatee turtle, water dogs, and gibnut were also affected, and rocks along the river bank were solid black.

Villagers had to walk two miles to ferry water from another creek in pig tail buckets. The owner of a mountain lodge complained his business was being ruined.

El Salvador

Group Meets Rebels Charged With Killing Soldiers

PA0602014691 Panama City ACAN in Spanish 2056 GMT 5 Feb 91

[Text] San Salvador, 5 Feb (ACAN-EFE)—A Salvadoran Catholic Church representative reported that a commission had met with the two rebels who reportedly murdered two of the three U.S. soldiers who were in a helicopter which was downed by the rebels on 2 January.

Maria Julia Hernandez, the director of the San Salvador Archbishopric Legal Assistance Office, stated that she visited a guerrilla-controlled area on Sunday, 3 February. She added that she had spoken to the two Farabundo Marti National Liberation Front (FMLN) rebels who have been charged with the murder of the two U.S. soldiers, and with the other five members of the rebel commando that downed the U.S. helicopter.

On 2 January, an FMLN commando downed a U.S. Army helicopter in the jurisdiction of Lolotiuqe, San Miguel Department. The helicopter pilot, Daniel Scott, died immediately but Lieutenant Colonel David Pickett and mechanic Ernest Dawson were rescued alive.

Hernandez said that she was able to talk privately with the accused and that the FMLN is willing to give them "a fair trial" in forthcoming days.

On the night of 4 February, the FMLN's Radio Farabundo Marti reported that, in addition to Hernandez, Central American University Director Francisco Estrada had also met with the former rebels.

Two Confess

PA0602031091 Paris AFP in Spanish 0051 GMT 6 Feb 91

[Text] San Salvador, 5 Feb (AFP)—Two Salvadoran guerrillas implicated in the murder of two U.S. servicemen one month ago have admitted they committed a "war crime." They said that they were willing to submit themselves to the Farabundo Marti National Liberation Front [FMLN] "judicial procedures." Talking to Maria Julia Hernandez, director of the Catholic Church's Legal Assistance Office, "Aparicio" and "Porfirio," the two men directly implicated in the crime, said that "we realize we made a serious mistake in shooting them, knowing they were going to die."

Hernandez questioned on 2 February the FMLN members who were involved in the 2 January downing of a U.S. helicopter, in El Salvador's eastern zone. Hernandez explained to newspaper reporters that "Porfirio" confessed to killing the U.S. servicemen, one of them a lieutenant colonel, after "Aparicio," the leader of the guerrilla unit, said, "They have to be killed to stop their suffering."

Hernandez said that the rebels' actions speeded the death of the U.S. servicemen, who were seriously wounded following the crash in a wooded area. The aircraft's captain was killed when the helicopter hit the ground but the other crew members survived.

According to the guerrillas' statement to the church delegates, "Porfirio" ran to the wreckage and when he saw one of the officers was getting up he shot him. "Instinct told me that he was going to do something because he had a machine gun next to him. That is why I fired," "Porfirio" stated, adding that another soldier was more seriously wounded and the pilot was dead.

"Porfirio's" bullet hit Colonel Picket in the thorax, but he was still alive, and so was serviceman Dawson, they added. They said that "Aparicio" gave water to the U.S. soldiers and ordered that a vehicle be found to remove

them, but none was located. Then, as he saw them dying, "Aparicio" told "Porfirio" to execute them, after stating: "I have told my companeros to shoot me if I am badly wounded."

To conclude, "Porfirio" confessed to the church delegates that it was he who gave each U.S. soldier the coup de grace. The FMLN promised to try the implicated rebels who said they were prepared to be tried by the FMLN's leadership but refused to be handed over to the government's judicial system, which they question and fight against.

Commenting on this matter, San Salvador Archbishop Msgr. Arturo Rivera y Damas cautioned the FMLN leaders that they cannot execute the two guerrillas for the war crime they committed. Hernandez, who said she did not know when the trials will be held, felt that it is certain the two guerrillas will be sentenced to prison, as established by Article Six of the Geneva Protocol on war crimes.

Army Rejects Church's Charge as 'Unfounded'

PA0602040791 Mexico City NOTIMEX in Spanish 2322 GMT 5 Feb 91

[Text] San Salvador, 5 Feb (NOTIMEX)—The Salvadoran Army today rejected as "unfounded" the Catholic Church's charge that members of the military were responsible for the massacre of 15 peasants in the outlying part of the capital.

The Salvadoran Armed Forces Command issued a communique today deploring that some oranizations seek to implicate the Armed Forces in a mass murder and urged them "to act with more responsibility."

Last 22 January several unidentified persons shot and killed 15 peasants in El Zapote, in the jurisdiction of Ayutuxtepeque, some 15 km north of San Salvador.

According to an investigation carried out by the Legal Assistance Office of the Archbishopric announced by Archbishop Arturo Rivera y Damas, the evidence indicates that members of the 1st Infantry Brigade were "solely and exclusively" responsible for the killings.

Maria Julia Hernandez, director of the Legal Assistance Office, today reiterated the position of the church and said that the crime attempts "to instill terror among the civilians and warn them not to cooperate with the guerrillas."

For its part, the Farabundo Marti National Liberation Front (FMLN) also accused the 1st Infantry Brigade of the massacre and said that the peasants were "active collaborators" of the guerrillas and that one of them was a former FMLN member.

The clandestine Radio Farabundo Marti aired a communique today in which the FMLN accused President Alfredo Cristiani and the high military command of covering up for those who are responsible for the crime and demanded that the incident be clarified.

"Cristiani opted again for the system of covering up to guarantee the impunity of the clan," the FMLN charged, criticizing the president for saying that the crime appeared to be the "result of a simple family quarrel."

The president also asked "all citizens who have evidence or knowledge of the same to respond to the judge's summons and present them to facilitate the investigation."

The judge of Ayutuxtepeque, where the case is being investigated, asked Defense Minister General Rene Emilio Ponce today to send information on the military units assigned to the region of the massacre.

The judicial authorities said that they have not received any answer yet from the military commander. The information requested is needed to document the case and to determine whether or not the 1st Infantry Brigade is implicated in the mass crime.

Archbishop Comments on Return of Missiles

PA0502032291 San Salvador Radio Cadena YSU in Spanish 1200 GMT 4 Feb 91

[Excerpts] On 3 February, Metropolitan Archbishop Monsignor Arturo Rivera y Damas accused the 1st Infantry Brigade of being responsible for the mass murder of 15 peasants of the same family in El Zapote Canton, Ayutuxtepeque, in northern San Salvador Department. [passage omitted]

The Catholic archbishop also commented on two incidents that took place over the weekend. One is the order by Military Detachment No. 4 Commander Colonel Oscar Leon Linares to arrest 18 local and foreign newsmen who were returning from covering the delivery of seven surface-to-air missiles by the FMLN [Farabundo Marti National Libearation Front] guerrillas to a Nicaraguan army and government delegation. On this matter, Msgr. Rivera y Damas said the best contribution to peace is to make the truth known. He also asked that the journalists' material, which was seized by military authorities, be returned.

He also noted that the guerrillas' delivery of the missiles could serve to make the Army move toward a de-escalation of the war.

[Begin Rivera y Damas recording] I think the best service to peace is to make the truth known. I hope the confiscated material will be returned so that the news media can inform us of what happened in northern Morazan Department. It was very important for newsmen to do their duty to inform us because that could move the Army to de-escalate the war. [end recording]

The prelate voiced his concern because acts of violence, such as the mass murder of 15 peasants, could hamper

the peace effort. He said the announcement by Defense Minister General Rene Emilio Ponce on the restructuring of the Army could lead to a demilitarization of the country and reduce the Army's role to the one mandated by the Constitution.

Journalists Protest Actions Restricting Freedom

PA0502160291 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 5 Feb 91

[Text] Foreign correspondents accreditted in El Salvador have accused the government of restricting freedom of the press by confiscating their materials and equipment after rebel activity.

On 2 February, 17 local and foreign reporters were detained by a military detachment that confiscated their material as they were returning from covering the delivery of seven missiles by Salvadoran guerrillas to the Nicaraguan Government.

In a communique issued that same day, the government said that the reporters clearly and openly violated established regulations and procedures. According to the authorities, the journalists ignored military checkpoints on the road to Perquin, 200 km from San Salvador, where the ceremony took place. The journalists claim, however, that they were not asked to stop at any checkpoint on their way to Perquin. In a communique, the Association of Foreign Correspondents in El Salvador described the confiscation of material as an attempt by the government and the Armed Forces to restrain freedom of the press.

Afterwards, however, the Army promised to return the confiscated material, which includes the correspondents' personal notes.

The communique said that for years the Salvadoran Government and the Armed Forces have tried to prevent journalists' access to the areas of conflict in El Salvador in order to limit the broadcast of perspectives or viewpoints on which they disagree.

The journalists claimed that they were detained for more than three hours at the military detachment in San Francisco Gotera, Morazan Department. The Armed Forces said, however, that they left a few minutes after they were intercepted.

According to the Army, the journalists violated security measures of the areas of conflict, and they did not carry the safe-conducts that were issued by the Armed Forces Joint Chiefs of Staff.

On 8 May 1989, ESPECA [expansion unknown] and the Armed Forces signed a document in which, among other things, the military promised not to confiscate materials belonging to journalists under any circumstances.

Defense Minister Confirms 37,907 War Casualties

PA0502141391 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 2 Feb 91

[Text] Salvadoran Defense Minister General Rene Emilio Ponce has confirmed that 37,907 persons, both civilian and military, have died in combat or other violent actions since 1981, as of January 1991. According to Ponce, of this total, 23,480 guerrillas and 9,140 soldiers have died in armed clashes, while 5,287 civilians have died in crossfire, assaults, or rebel attacks against army garrisons.

Meanwhile, nongovernmental humanitarian organizations have stated that more than 70,000 Salvadorans have died since the war broke out, and that more than 7,000 persons have been kidnapped by death squads that are protected by the Army.

The minister also stated that since 1981, the guerrillas have perpetrated 13,412 acts of sabotage against the electrical and telephone systems and the railroads and highways. He explained that this includes 1,208 attacks against private enterprises.

Ponce did not specify the financial damage that has resulted from acts of sabotage, but he assured that the figure is enormous.

He also stated that several counterinsurgency battalions assigned to public security forces were assimilated into the Army on a date he did not specify. This was part of a restructuring process carried out by the Armed Forces to adapt to the demands of a future society. According to the head of the Army, these qualitative and quantitative changes in the Army are intended to pave the way for when the security forces will return to their former civilian peacetime duties.

Gen. Ponce also explained that the abolition of the civil defenses, also known as the paramilitary forces, is presently under consideration. He denied that this is a result of an agreement between the government and the guerrillas during peace talks.

The rightist government of President Alfredo Cristiani and the leftist Farabundo Marti National Liberation Front, have been holding private conversations under UN mediation to find a solution to the conflict. The agenda of the talks includes the issue of reorganizing and purging the Army. According to certain official and rebel sources, this issue is about to be resolved. Ponce warned, however, that the existence of the Armed Forces is not negotiable and added that the civil defenses will disappear only if and when the circumstances that created them have also disappeared.

Guatemala

Fuel Supplies Said Good for Country, Region

PA0202030491 Guatemala City SIGLO VEINTIUNO in Spanish 27 Jan 91 p 3

[Text] Former head of state General Oscar Humberto Mejia Victores has revealed that Guatemala has not only enough oil for the country but also to supply the Central American region.

He said Guatemala does not need to worry about oil problems or about changes in the international oil market prices because, according to experts, the country has enough oil deposits to fulfill internal needs and supply the Central American region.

Mejia added: Oil drilling and oil exploitation activities have not been carried out to their fullest capacity because, whenever it is time to make concessions to foreign enterprises interested in doing this, politicians who claim that they know it all immediately begin saying that a contract would violate the national sovereignty—plus many other arguments which eventually preclude oil activities. After that the oil companies prefer to go elsewhere.

He did not give exact figures on Guatemala's oil potential, but he emphasized that the activity is feasible and, above all, it will give solvency to the country.

Former President Vinicio Cerezo Arevalo said, during his last annual state of the nation report to the National Congress on 14 February, that "the construction of a refinery was started in Peten with the intention of exploiting the nation's oil resources. The refinery will be able to process 2,500 barrels of oil per day, as well as other fuels—including asphalt—thus guaranteeing the region's supply."

Cerezo added in his report that "production reached the 1.5 million barrel mark as a result of the drilling operations in several oil fields, which represents an increase of 100,000 barrels compared with last year's figures. Approximately 200,000 barrels were destined for internal consumption and 1.2 million barrels were destined for exports. Production costs are approximately $16.1 million and the state collected about $2.2 million in rights."

Honduras

Foreign Ministry Spokesman on Fonseca Incident

PA0502231291 San Pedro Sula TIEMPO in Spanish 5 Feb 91 p 4

[Text] Tegucigalpa—The Honduran Foreign Ministry stated on 4 February that the incident that occurred in the Gulf of Fonseca on 1 February cannot be considered a policy of aggression by the Nicaraguan Government.

According to details supplied by authorities of the Honduran Foreign Ministry, Nicaraguan patrol boats entered Honduran waters and opened fire against "Pirana" boats of the Honduran Navy which were carrying out a patrol mission.

The Honduran Foreign Ministry regrets the death of an individual during the shooting. According to the Nicaraguan Embassy in Tegucigalpa, no one was killed; however, as of 4 February one person was still missing.

Foreign Ministry Spokesman Eugenio Castro Claramount said: "We regret the deaths that could have been caused and we believe that President Violeta Barrios de Chamorro's government does not have a policy of aggression toward Honduras; therefore, the incident that took place on 1 February was an isolated incident."

The spokesman added that the Honduran boats were also attacked with an RPG from the Nicaraguan shore, near the mouth of the Negro River in Honduran waters.

Castro Claramount said that the Honduran piranas were forced to respond, but he stressed that these kinds of clashes can be avoided through dialogue and that "in no way can the incident be considered an act of aggression by the Nicaraguan Government."

Nicaraguan Envoy Interviewed

PA0602023291 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 5 Feb 91

[Telephone interview with Nicaraguan Ambassador Noel Rivas Gasteazoro by station announcer; date not given—recorded]

[Text] [Announcer] Good evening, Mr. Ambassador.

[Rivas] Good evening.

[Announcer] Thank you for responding to our call. The Nicaraguan Foreign Ministry has not admitted this yet. Why, Mr. Ambassador?

[Rivas] As far as I know through my Foreign Ministry, the note that the Honduran Foreign Ministry sent on 1 February was received and a report was issued. The information does not, however, coincide with that which is stated on the note that Nicaragua received.

On the contrary, the Nicaraguan Foreign Ministry maintains that the shooting did not originate from the Nicaraguan boat. In Honduras, there was talk of a gunboat. The Nicaraguan Foreign Ministry maintains that the incident involved a small boat engaged in a civilian mission to protect natural resources. Two Irena [Natural Resources Institute] officials were travelling in that boat and were accompanied by four border guardsmen. The truth is that two Nicaraguans were wounded and one person turned up missing until a few hours ago.

[Announcer] Is this military action beyond your government's control?

[Rivas] These are isolated incidents. I repeat, according to the information Nicaragua has, the Nicarguan patrolmen did not open fire. The incident involved a small boat on a civilian mission. Fortunately, no one was killed. It was originally said that two people were dead. In fact, all those aboard the boat were found and the final report is that two people were hurt and the remaining four were not harmed.

[Announcer] Does that mean that Honduras opened fire, Mr. Ambassador?

[Rivas] There is no affirmation from Nicaragua stating that Honduras opened fire. It is surmised from the reports, however, that the Nicaraguans in the boat were fired at.

[Announcer] What repercussions does this action—whether true or false—have on the case being discussed at The Hague?

[Rivas] It has no relation to it. This sort of situation has occurred before. These have been sporadic incidents. Concerned about it, Nicaragua and Honduras created a joint commission for maritime matters in September 1990. This has had good results; there has been peace in the area for the past six months. But it cannot be helped that sporadic incidents still happen. The important thing is that the flow of information and goodwill between the two countries has increased.

[Announcer] Does this mean that these incidents are common in the area?

[Rivas] They are frequent in the sense that the lack of a clear demarcation in the water boundaries give room for involuntary violations of the jurisdictions. Also, Nicaragua is protecting its natural resources. We also have a report that on Thursday, 31 January, a Nicaraguan patrol stopped some Honduran boats picking up shrimp larvae. An effort has been made to link the two incidents but the truth is that they are two completely different incidents.

[Announcer] Does the Honduran Foreign Ministry know about this?

[Rivas] Yes, it was informed. Nicaragua is treating this matter just as it usually does when a catch is seized. The normal procedure involves fines and the release of those who violated the territorial waters.

[Announcer] Thank you, Mr. Ambassador, for responding to our call.

Government 'Economic Cabinet' Defends Measures

PA0502132591 San Pedro Sula LA PRENSA in Spanish 29 Jan 91 p 3

[Text] Tegucigalpa—Central Bank of Honduras [BCH] President Ricardo Maduro stated last night that "the toughest part of the economy's structural adjustment is already behind us." Maduro admitted that the biggest problem the government faces "is short-term food production."

The economic cabinet appeared on a radio and television network to once again defend the economic measures implemented by the government of President Callejas.

The public was permitted to ask questions of three officials who direct the government's economic policies. They were BCH President Ricardo Maduro, Treasury Minister Benjamin Villanueva, and Economy Minister Ramon Medina Luna.

Maduro recalled that the government spends much and receives little, that it has used private bank savings to resolve its deficit, that exports were at a standstill, that the government owed 200 million [currency not specified] more than the total of foreign currency received, and that foreign obligations had not been paid since 1978.

The official, referring to the results of adjustment, said that protection of domestic industries has been curtailed, that this year there will be a great positive cash flow, that production has been boosted, and that a "fair and stable exchange rate" has been established.

Maduro admitted, however, that "short-term food production is the biggest problem."

The BCH president admitted that the expected foreign financing had not been received.

"Very Dangerous" Domestic Debt

Villanueva said that total public debt at the beginning of 1990 was $8.703 billion lempiras, which is almost equivalent to the country's total wealth, 90.1 percent of the Gross Domestic Product [GDP]. This figure includes the domestic debt, which has greatly increased over the past 10 years until reaching the mark of 3.4169 billion lempiras.

He indicated that the domestic debt is "very dangerous" because it increases inflation and creates pressure for devaluation. When the current government took office it represented 35.5 of the GDP.

The foreign debt represented a total of 5.2861 billion lempiras, which if measured at an exchange rate of two lempiras per dollar, would represent 54.7 percent of the GDP, but with the bank exchange rate of 5.30 lempiras per dollar, the same foreign debt would be 14.008 billion lempiras, which is far greater than the country's total wealth because "it would represent 114.7 percent of the GDP."

As for the fiscal situation, Villanueva said that the 1990 budget submitted to the National Congress amounted to 3.5039 billion lempiras for local and foreign expenditures, and it included debts of 645.5 million lempiras left by the previous government.

The 1990 net budget deficit was reduced to 353.7 million lempiras, which is equivalent to only 2.8 percent of the GDP.

Elimination of Tariffs

The economy minister said that most important from the trade liberalization standpoint is the program to eliminate tariffs to allow for better competition between domestic and imported products, thereby eliminating excessive protectionism.

The elimination of tariffs will reach a maximum of 20 percent in 1992, and even though its effects are not yet being felt, it will have "deep and lasting" repercussions on the national economy, he said.

Medina Luna explained Honduras' economic relations with the EEC, Guatemala, Costa Rica, and El Salvador and the incorporation of more than 700 new products into the Central American trade system.

Nicaragua

Lacayo Statements on Return of Missiles, FMLN

PA0502165291 Managua LA PRENSA in Spanish 4 Feb 91 pp 1,8

[Text] A letter from the FMLN [Farabundo Marti National Liberation Front] to the Nicaraguan president, the report on the missiles fired by the Salvadoran guerrilla forces, and the ceremony for the delivery of assorted military material in El Salvador and Nicaragua revived this weekend Central America's hope for a prompt negotiated solution to the Salvadoran conflict, in which Nicaragua is willing to play a key role.

The above is surmised from the statements on the issue and the information revealed by Minister of the Presidency Antonio Lacayo yesterday at the airport before his departure to Washington, where—he announced—El Salvador is a topic in his agenda.

"Nicaragua is the result of a negotiated and peaceful solution, and we will do everything we can to seek a definite solution to the lengthy and painful conflict prevailing in the friendly Republic of El Salvador," the minister said, thus stating the country's role as mediator between the Salvadoran Government and the FMLN guerrilla forces.

The return of the 17 missiles is an important achievement that clearly proves the Nicaraguan Government's strict abidance by Central American agreements, the minister of the presidency said.

The minister said that this occurred following talks with the FMLN that began in late December, during which the Nicaraguan Government emphasized how unacceptable it was for FMLN and EPS [Sandinist People's Army] members to take those weapons from Nicaragua.

Lacayo revealed that the Nicaraguan Government has coordinated efforts with several organizations and friendly countries like Venezuela and Mexico so that the FMLN would realize the importance of returning those missiles for the Central American peace process.

The FMLN delivered a letter to President Chamorro at 1500 on 2 February in which they related the groups' decision to return the missiles and outlined their political plan.

According to Lacayo's comments at the airport, the Nicaraguan Government received the letter with satisfaction and recognized that "it proves the organization respects Violeta Chamorro's government and considers it a legitimately appointed government. The act of recognizing that the missiles belong to the Nicaraguan Government is also a responsible attitude."

The FMLN delivered 17 portable C-2M and C-3M surface-to-air missiles to the Nicaraguan Government. Nine of the missiles were delivered in ceremonies held at the towns of Perquin and Las Marias, Republic of El Salvador.

An additional eight missiles were delivered to the Mexican Embassy in Managua. All were part of the 28 missiles that were taken from the EPS warehouses late last year.

Radio Station Owners Oppose Decree on Frequencies

PA0402133191 Managua BARRICADA in Spanish 31 Jan 91 pp 1, 12

[Text] The owners and directors of major local radio stations have rejected the decree on the use of radio air space ("Vigil Law") issued last October by President Violeta Chamorro. The law was surreptitiously published in LA GACETA, as BARRICADA charged yesterday. Radio Corporacion owner Jose Castillo Osejo, Radio Ya director Carlos Guadamuz, Radio Noticias owner Agustin Fuentes, Radio Sandino Director Agustin Lara, and newsman Julio Cesar Armas, executive secretary of the Pedro Joaquin Chamorro Cardenal Association of Nicaraguan Newsmen (APN), voiced their opposition to the decree.

"We are totally opposed to those coercive measures that place a sword of Damocles over freedom of expression," Castillo said. He is credited for coining that famous sentence: The best media law is one that does not exist.

The people questioned about the decree pointed out that Chamorro issued the decree in October and waited until 13 December to publish it in LA GACETA. Castillo was particular hard on the sanctions of closings and fines contained in the decree. He added that "everything that is punitive is offensive and uncomfortable to the news media."

Fuentes described the situation "as very serious" for freedom of expression in Nicaragua because of the "Vigil Law." Radio stations that "alter" the content of the government's bulletins and communiques have been threatened with fines and closings. "That makes it very

hard for us if, for example, an announcer makes an involuntary mistake when reading a government communique because the government can close the radio station," Fuentes remarked.

He termed the decree unconstitutional and asked the president to repeal it immediately. "Previous laws of this kind merely dealt with technical matters, but here we have a clear political intention; this is a media law," he added.

All the radio directors were critical of the fact that the government did not consult with them before it issued a decree that restricts freedom of expression. "Clearly, the issuance of this decree, which can mar freedom of expression, contradicts the principle often enunciated by the National Opposition Union that the best media law is one that does not exist," Armas stated.

Armas felt the sanctions on those that abuse freedom of the press are clearly established in the Penal Code. "The decree contains a number of preventive measures, something which amounts to presuming all of us are potential criminals," Armas added. The Union of Nicaraguan Journalists (UPN), whose secretary Lili Soto is out of the country, has also rejected the decree and demanded its repeal.

Armas and Castillo said that some aspects of the decree are acceptable and needed to call attention to the situation of the news media and to end freedom of the press abuses. Both, however, condemned the fines and sanctions established by the "Vigil Law."

Guadamuz supported technical regulations on the use of radio air frequencies, which the government hides behind, but criticized the clear political intention of curbing the media. "It seems disgraceful that this government, which championed the cause of total freedom of expression, should now hide behind a law that regulates technical aspects to repress radio stations," he noted.

Reviewing the specifics of the decree, Guadamuz pointed to the threat of government intervention in the radio stations in cases of international conflict. "This means that if the U.S. ambassador does not like what the radio stations are reporting on the Persian Gulf War, he can tell the government we are violating the law and ask it to close the radio stations," he indicated.

Lara protested the decree and urged the president to consult with the interested parties before enacting a law with such serious implications for freedom of expression. "Sandinists were criticized so much and now the government is acting in a manner similar to that which we criticized," Lara said. The radio station owners and directors could, in the next few days, file a suit challenging the constitutionality of the "Vigil Law" against the president if the decree is not repealed.

Danilo Lacayo Reponds

PA0402154091 Managua Domestic Service in Spanish 1330 GMT 31 Jan 91

[Statement by Danilo Lacayo Lanzas, minister of press and information of the Presidency, in Managua; date not given—recorded]

[Text] The [words indistinct] freedom of expression and information in Nicaragua is probably the best defense for freedom of expression. It exclusively refers to the use of radio-electronic frequencies and possible violations. It cannot be considered a restriction of newspapers or television because it only discusses radio frequencies and such emergency cases as natural disasters, coups d'etat, and wars—it does not forbid any type of information.

I believe that the distinguished journalist who wrote the article published today in BARRICADA is a bit alarmist. You have been able to confirm that Radio Corporacion featured the entire report this morning. Abel Calero did the same in Radio Ya, and those of you who work for Extravision publish things—and there is no censorship here. We are simply regulating the use [of radio-electronic frequencies].

For example, if someone uses a radio station to sponsor violence, it definitely does not fulfill a radio-electronic frequency's purposes. The same applies if we find weapons at a radio station that is reportedly working to serve the public. You may recall the problems we had in July and the problems we had on other occasions. This government has never restricted freedom of expression and decision. The government is attempting to prevent the type of actions that disrupt public order.

This is what Decree No. 55-90 concerns. I read the newspaper article this morning and I was surprised because someone tried to describe it as a limitation on freedom of expression. That is not true. Quite the contrary. Decree No. 55-90 was issued in December and EL NUEVO DIARIO and BARRICADA—even LA PRENSA—criticize the government every day and no one has been censured, and no media have been closed despite an editorial that might be published against the Nicaraguan Government.

MUR Deputy Suggests FSLN 'Purge' Cadres

PA0502132991 Managua LA PRENSA in Spanish 2 Feb 91 p 3

[Report by Felix Navarrete]

[Text] Moises Hassan, MUR [Movement of Revolutionary Unity] deputy and former Sandinist, has said that if the FSLN [Sandinist National Liberation Front] aspires to be a competent party in the elections, it must seriously analyze the causes of its electoral defeat and choose new authorities who are not "burned out" with the rank an file members. Hassan was analyzing for LA PRENSA the challenges the FSLN is facing in its scheduled congress.

Hassan, who declined to predict anything, does not envision new faces in the Sandinist Directorate. He said that the FSLN is currently divided into two separate groups and no trends, as some sectors have attempted to describe them. There are the political opportunists—those who seek leading roles and to project themselves as important figures, such as Humberto Ortega and company—and there are the "extremists" to whom no one pays attention.

When asked about rumors that Sergio Ramirez and Dora Maria Tellez are being mentioned as candidates for that party's directorate, Hassan said that he did not believe "cadres like Ramirez and Tellez are going to inspire trust among Sandinists, considering their behavior in the previous government."

Commenting directly on what will happen at the congress, Hassan indicated that it would be a farce unless the better known cadres who did so much harm to the party when it was in power are purged. "If that does not happen, the congress will be a farce that will not fool anyone," he added.

The only way that the FSLN can begin to regain the credibility that has been lost completely, as the electorate has proven, is to purge its cadres without hesitation. If party members do not do this, the FSLN will not get even 5 percent of the votes in 1996; "if they manage to get there united."

Hassan feels that one of the FSLN's obstacles is its incapacity for self-criticism. "They attribute their electoral defeat to the country's economic situation and the impact of the Patriotic Military Service, simplifying their analysis, like saying that the 1968 war in El Salvador was caused by a soccer match," he stated.

When asked about FSLN unity following the congress, Hassan said in a pessimistic tone that it is impossible to predict, but, based on their current actions, everything seems to indicate that it will be difficult to achieve unity and keep united around a defined political stance.

Tunnerman Favors Changes in FSLN Leadership

PA0502135591 Managua LA PRENSA in Spanish 2 Feb 91 p 2

[By Felix Navarrete]

[Text] Carlos Tunnerman, former Nicaraguan ambassador to the United States and self-confessed "grass roots Sandinist militant," has said in exclusive statements to LA PRENSA that the FSLN [Sandinist National Liberation Front] has been undergoing an "identity crisis" since its electoral defeat. He said that in the coming FSLN congress, the party must define its principles and the new political program that it will offer to the Nicaraguan people.

Tunnerman confirmed declarations made a few days ago over a radio station that the FSLN had committed "political hari-kiri" by endorsing several illegal acts committed by some of its party members. The Nicaraguan people have labeled this the "April pinata" [period before turning over power, when many abuses of government funds and property were committed].

Tunnerman said: "The Nicaraguan people are smart. You cannot pull the wool over their eyes." He said that the illegal distribution of vehicles was "incorrect."

Tunnerman was asked if there would be a process of weeding out militants who had committed outrages. He said that the Sandinist Assembly, the party's highest body after the Directorate, had tried to create a court of honor to analyze such cases, but the court did not work, "or did not get much done."

Tunnerman said that the weeding out process will "happen on its own." The party members know who does not practice what he preaches.

He said that the FSLN must begin a process of rectification, and "if we are not convinced of this, we will not obtain the people's trust."

Tunnerman revealed that during the assembly in El Crucero, the FSLN admitted that when it applied it economic policy, it ignored the psychology of the Nicaraguan people. It also tired to impose foreign models that conflicted with national reality.

He said: "In its next program, the FSLN must clearly define the rules of the game of a mixed economy and political pluralism honestly and without confusion."

Tunnerman would like to see the FSLN "continue to be a front that gathers 'different options,' in which 'creative Marxists,' 'social democrats,' 'Christian revolutionaries,' and 'new liberals' will, from their different viewpoints, concur with the 'basic principles' of Sandinism."

Tunnerman said that it would be advisable to change the party leadership, which has been the same for the past 12 years. He said that he is against "historic and life-long directorates" because that promotes "bossism" [caudillismo], the opposite of a true national directorate, which the party will try to elect in the July congress.

BARRICADA No Longer 'Mouthpiece' of FSLN

PA0202041891 Managua Domestic Service in Spanish 1330 GMT 31 Jan 91

[Text] The changes within the daily BARRICADA, which will be implemented today, have a certain continuity because the newspaper will continue to be a revolutionary newspaper, editor Carlos Fernando Chamorro has announced, adding that the changes took place because the paper is being published under new political conditions.

The newspaper editor added that constant changes have been taking place over the past 10 years, and naturally these changes were accelerated as of 25 February 1990.

Carlos Fernando Chamorro has no doubt about BARRICADA continuing to be one of the most influential newspapers of the media.

Carlos Fernando Chamorro Barrios, editor of BARRICADA, made the following statements to this newscast:

[Begin Chamorro recording] Today, we began a new phase that has a certain continuity with what we have been doing, yet there are some changes. It has continuity because we continue as a revolutionary newspaper, yet we are making changes because we are working under new political conditions. Let us say we have new goals and objectives.

Today, BARRICADA stopped being the official mouthpiece of the Sandinist National Liberation Front [FSLN], however, we continue to be a Sandinist and revolutionary newspaper. The fact that we are no longer the official organ of the FSLN means that we are admitting that Sandinism is experiencing a situation whereby rather than making uniform its line of thoughts and action, the unity of Sandinism is going through a debate and opening. [sentence as heard]

That is the role BARRICADA chooses to play concerning Sandinism. In other words, we want to be a forum to help the consensus within Sandinism. As you all know, this is a newspaper for everyone. BARRICADA has always been sought by those people who are anxious to find thorough and full reports and qualified viewpoints. From that point of view, we are taking a new professional step and broadening our news and research outlook.

Today, we have changed BARRICADA's format, or rather, certain aspects of the layout, making us more more modern and professional journalists. [end recording]

* Participation in FSLN Internal Debate Questioned

91CA0061A Managua BARRICADA in Spanish
12 Jan 91 p 3

[Commentary by Gerardo Gonzalez]

[Text] The countdown has begun for the First Congress of the Sandinist National Liberation Front (FSLN), and all of its forces are making a decisive effort to prepare for the gathering.

This would be a good lead for a newspaper story: short, grandiose, and triumphant, aimed at informing the broadest possible audience of the very important event at hand.

Another less short, less newsy, and more analytical lead might read as follows:

The First Congress of the FSLN will mark the end of a historic stage for the political organization that has guided the destiny of Nicaragua for a decade and has opened a new era. Ideas are being kindled among the ranks of Sandinism, which successfully led the popular struggle against the Somocist dictatorship in 1979 and which during the 1980s stood up to U.S. aggression on all fronts, supported by the largest mass movement ever seen in that Central American nation.

Either of the two leads would be capable of satisfying and motivating someone to read a good article—be it a news report or a theoretical discussion—provided that the reader is unfamiliar with our problems. Both, however, in fairness to the truth, would be somewhat lacking in objectivity.

A more blunt and objective lead, aimed at insiders and outsiders alike, might read as follows:

Six months away from the postponed First Congress of the FSLN, the Sandinist cadres have lost their objectivity in the preparatory discussions.

And since that lead seems more objective to us, let us get down to business and put together an introductory paragraph:

The organization that lost the nation's general elections in February 1990 seems unable to find the key to unlock its future. Among its ranks, the most "intellectualized" sectors (not always the ones who are most active in the daily struggle) are raising diametrically opposed banners with regard to tactics and strategy.

They use whatever means are available to propagate their ideas; they plot and scheme completely outside the rigid structures that existed prior to the elections, in sympathetic social circles; they stick close to friends with a certain amount of power when it comes time to make decisions. They ignore the masses who, in response to the revanchist offensives of the bourgeois government, back a few solitary causes here and there, such as the rightful protest staged by the Mothers of Heroes and Martyrs despite inclement weather, hoping that their demands will be met. The government, indifferent to all this, refuses to take them seriously. Nor have the primary forces of Sandinism, also indifferent, taken any decisive action to break the impasse.

Party, for the First Time

In short, the so-called "democratic opening" in the FSLN, the so-called "plurality of ideas" that are being "debated" within the organization, and the advent of a "panacea congress" have enabled many of us—and I include myself out of affinity—to produce good journalism assignments at the cost—but what does that matter?—of causing confusion among the people. At the cost—but what does that matter?—of giving the enemy at the very least a source of entertainment, and perhaps even the means to attack them. And finally, at the cost of giving potential delegates to the congress preconceived notions about "isms" that do not always or necessarily reflect the views of active Sandinists.

Turning the opinion pages of pro-Sandinist newspapers into a forum for debate does have its problems, given that it will not be possible to air all viewpoints there. It is not objectively possible unless the pages go on ad infinitum. I myself, in this journalism assignment that I submit to you, in which I have already composed a good lead and an acceptable introductory paragraph, have problems developing my ideas extensively and drawing conclusions, because I have already gone beyond what this newspaper is able to print and what the reader is able to read.

And I am only referring to those of us who like to write and never miss an opportunity to put in our two cents' worth. But what about, say, Rafael Segovia, just to pick a name—a real person, not a figment of the imagination—who has no writing skills? Or others whom we all know who barely know how to read and write—but they do know how to think. Do they not have a right to participate in this preparatory debate?

Moreover, the pages of the newspaper hide people's faces and are unable to show the real debate situation in which the exponent of the idea is expressing himself, which is very enlightening. That is not possible. In my neighborhood, for example, we would like to see Rafael Solis, wearing his party pin, defend his proposals. Similarly, we would like to see Edgardo Garcia, also with his pin, of course, explain why he did not denounce sooner what he complained of in the letter he signed on behalf of the Association of Agricultural Workers (ATC). Or are we not entitled to that?

Finally, I will try to write a conclusive paragraph in this journalism assignment:

With a view—a very Sandinist term—not just to the First Congress of the FSLN, it is necessary to lend some order to the discussion so that the rank and file of the FSLN, and this includes the vast number of voters who cast their ballots in its favor, may participate critically and without bias in the creation of the party's program and bylaws. And I use the word "party" for the first time. Within the framework that the party itself created, according to the rules the party itself established, it should regain power and resume the comprehensive and radical transformation of society. It was for this purpose that the party was founded, that it organized itself and organized the people and led them in the struggle; and it was toward this end that the people have paid such a high price in blood and sacrifice.

Reader, if this is published, it is an indication not only of the democracy of the FSLN, but also of the fact that my journalism assignment was acceptable.

Doctors, Health Workers To Enter 'New Phase'

PA0502153391 Managua EL NUEVO DIARIO in Spanish 3 Feb 91 pp 1, 8

[Text] Beginning 4 February, health workers will enter a new phase in their overall struggle by means of strong actions intended to open doors that were closed by the government on Friday with regard to achieving a negotiated solution to the labor conflict that has already lasted two weeks.

Representatives of health workers from all regions of the country, who are affiliated with Fetsalud [Federation of Health Workers] and the commission of doctors fighting for higher wages, held a special national congress, during which they drafted a strategy to carry out actions within the next few days without disregarding the population.

The labor union leaders unanimously decided to participate in the national vaccination drive, which will take place 16-17 February, regardless of the intensity of the struggle at the time. The health workers indicated that they would fight to the end, according to statements by their representatives at the congress.

"The struggle is not only being waged by doctors, but by all health workers," said Juan Carlos Leyton, member of the commission of doctors fighting for higher wages. Leyton said that if the government does not resolve the conflict soon, "we are going to step up our actions."

During the congress, a large majority of labor union leaders stated that they were being pressured by their rank and file into taking stronger actions than those already taken. The workers "do not want any more half measures," according to Juan Picado, Fetsalud leader in Chinandega.

Picado said that the rank and file is applying pressure under the slogan "now or never," and if it were up to them, the entire sector would begin a complete nationwide strike tomorrow. He said, however, that all Chinandega health workers are determined to "give their utmost" in the vaccination drive, especially now that "there is an outbreak of whooping cough and a whistling cough [tos chifladora] epidemic is expected."

A large majority of Fetsalud leaders have made similar statements and their secretary general, Gustavo Porras, has called for unity "regardless of political and group affiliation" to foster the struggle.

The special congress made it very clear that the struggle is not limited just to the salary aspect, but also to labor stability and to the supplying of hospital equipment and food.

In this regard, Iris Montenegro, secretary general of Fetsalud in Region 3, denounced maneuvers that have been carried out by the higher directorate of the Health Ministry, which at this stage of the game has not announced its health policies or priorities, but "has already adopted a series of measures."

Among the maneuvers, Iris pointed to the cases of 290 workers who were dismissed, the government not guaranteeing full employment for resident doctors after graduation, uncertainty among Health Ministry workers from the central office because of the decision to move it

to Leon, and the creation of alternate command posts for the purpose of displacing executive and technical authorities.

The cruelest measure, however, is the huge lack of supplies in hospitals and health centers. According to Iris and the other Fetsalud leaders, the government intends, with these measures, to dismantle the national health system, to the detriment of the population, and to adopt measures that are directed at privatizing services and health units.

In addition, Dr. Porras has said that the National Union of Government Employees has begun to organize logistical support committees for the health workers' struggle... "we are going to conduct an overall struggle without letting up," the Fetsalud congress stated.

We have just received a communique from National Medical Union, in which it announces to the Nicaraguan people in general, to all health workers, and especially to the national doctors associations the following:
a. The government authorities have not accepted an emergency wage increase.
b. The government has proposed something that has not yet been done: reclassifying posts over a four to six-week period, with the new classification to be implemented gradually beginning in March.

We, therefore, believe that:
1. The government proposals do not meet our just demands.
2. The government does not have the least willingness to resolve the problems of the health workers.

We agree:
1. To maintain the partial strike until our demands are resolved in a just and respectful manner.
2. That the next steps to be taken will follow consultations with the rank and file, to take place as soon as possible.
3. We reiterate our willingness to participate in a dialogue to find just solutions to the current problems.

We announce to the Nicaraguan people that we will continue to guarantee medical assistance for emergency health problems. We expect your understanding and support.

Rate Reaches 4.4 Million Cordobas to Dollar

PA0402161991 Managua Radio Sandino in Spanish 1215 GMT 4 Feb 91

[Text] The Central Bank of Nicaragua has announced another devaluation of the currency known as the old cordoba, which is now worth approximately 10 percent less. The new exchange rate is 4,400,000 cordobas to the dollar. The selling rate on the black market yesterday was 4,800,000 cordobas. In addition, the gold cordoba has lost its beneficial exchange rate on the black market. The exchangers on the street are making money even at the lower bank rate.

Repeat. According to the Central Bank, the official exchange rate is now 4,400,000 cordobas to the dollar.

Panama

New Offensive Against Government Said Imminent

PA0502170791 Panama City EL DIARIO INDEPENDIENTE in Spanish 5 Feb 91 p 2

["Today's Events" column]

[Text] A new offensive against the government is about to begin; however, this time it will not be against President Endara only, it will include the whole cabinet.

Lower Prices of Petroleum Products Announced

PA0602004091 Panama City Circuito RPC Radio in Spanish 2240 GMT 5 Feb 91

[Text] The government has announced a reduction in the price of oil byproducts, which will become effective on 8 February.

The reductions are as follows: Premium gasoline will be reduced 24 cents to the public in general. In other words, instead of costing 2.37 Balboas it will cost 2.13 Balboas. For buses the reduction will also be 24 cents and the cost will be 1.82 Balboas instead of 2.06 Balboas, which is the current cost.

Improved gasoline for the public in general will be reduced 24 cents and will go down from 2.44 Balboas to 2.20 Balboas. There will also be a reduction of 24 cents for buses, which means that it will go down from 2.13 Balboas to 1.89 Balboas.

Regular gasoline for the public in general will be reduced 24 cents and will go down from 2.29 Balboas to 2.05 Balboas. For buses it will also be reduced 24 cents and will cost 1.74 Balboas instead of the 1.98, which is the current cost.

Kerosene will remain at 1.10 Balboas and light diesel for the public in general will be reduced 11 cents, which means it will cost 1.25 Balboas instead of the 1.36 Balboas which it currently costs. For the fishing fleet, the reduction is also 11 cents and will cost 1.05 Balboas instead of the 1.16 which it currently costs.

Light improved diesel will be reduced from 1.55 Balboas to 1.33 Balboas, which is an 18 cent reduction.

Bunker C general will be reduced six cents, or rather 14 cents, and will go down from 0.6 to 0.5. For the IRHE [Electrification and Hydrdaulic Resources Institute] the reduction is also 14 cents, which means that it goes from five cents to three cents. [sentence as heard]

Liquid gas in 25 pound cylinders will remain at 4.37 Balboas and the 60 pound cylinder will be reduced 2.97 Balboas, which means the cost will be 9.88 Balboas instead of the 12.85 which it currently costs. The 100-lb cylinder will be reduced 4.95 Balboas and will cost 16.17 Balboas instead of 21.12 Balboas, which it currently costs.

These are the reductions announced by the government for the oil byproducts, which will become effective on 8 February.

Arnulfist Youths Demand Political Positions

PA0502022491 Panama City LA ESTRELLA DE PANAMA in Spanish 2 Feb 91 pp A-1, A-2

[Report by James Aparicio]

[Text] The youths of the Arnulfist Party [PA] have demanded from President Guillermo Endara key positions within the Ministry of Finance and Treasury, the Ministry of Government and Justice, and the five governorships. They have also demanded the dismissal of "all members" of the opposition Revolutionary Democratic Party (PRD).

The demands are part of a five point list of claims to which LA ESTRELLA DE PANAMA had access. They also include the reinstatement of 27 alleged Arnulfists who were dismissed from their government positions, and the firing of Menalco Solis, executive secretary of the Council for Public Security and National Defense.

In the same manner, the youths demanded the reopening of the PA central headquarters, which has been closed since the evening of 31 January. They also demanded summoning a PA National Directory and replacing it with a 12-member provisional board.

The Arnulfist youth announced the possibility of a protest march to the Presidency of the republic to demand that President Endara comply with their demands. They warned that they could promote the withdrawal of this organization from the governing alliance.

Customs Director on Possible U.S. Garment Quota

PA0502132491 Panama City EL PANAMA AMERICA in Spanish 4 Feb 91 p 1

[By Juan Pritsiolas]

[Text] The United States plans to impose quotas on garments made in Panama as companies established in Colon Province have exported to the U.S. products from oriental nations but passed off as Panamanian-made.

Customs General Director Rodrigo Arosemena made this statement to our newspaper and pointed out that at least five Colon companies, including one at the Colon Free Zone, are under investigation for this illegal practice.

Apparently the businessmen involved in this practice, which is jeopardizing Panamanian clothing exports to the United States, purchase garments in Hong Kong and Taiwan, attach made in Panama labels, and ship them to the United States.

This practice involving garments from oriental countries is taking place because the United States has imposed quotas on garment exports from those countries, but has imposed no quotas on Panamanian garments.

The customs director said that last year U.S. officials visited Panama to investigate this practice and although the national government has made efforts to stop it, the United States "is still thinking about imposing quotas on Panamanian garments and there is strong support for this idea."

According to other sources, Panama earns $15-$20 million each year from garment exports and the industry employees a large number of people.

Rodrigo Arosemena has noted that within the next few days resolutions will be issued to impose harsh punishment on those involved in this practice [label changing]. Fines will reach five times the value of the merchandise involved. The customs director also announced an investigation into a "Made in Panama" list put out by the Colon Chamber of Commerce because he believes that certificates "were not properly issued."

If the Colon Chamber of Commerce is found to be in any way responsible, the Customs Directorate will take action because the law applies to everyone equally, he added.

The official warned that his agency remains on guard to prevent the use of Panama as a "smugglers' springboard."

Argentina

Minister on Continuity of Foreign Policy

PY0502173391 Buenos Aires TELAM in Spanish 2109 GMT 4 Feb 91

[Text] Buenos Aires, 4 Feb (TELAM)—Foreign Minister Guido Di Tella said today that the appointment of Domingo Cavallo as economy minister was well received in the United States because Cavallo is well respected in that country.

Di Tella hosted a news conference at the Foreign Ministry this afternoon. He pointed out that the United States understands that the economic plan announced by the government last night was needed.

Di Tella said: Our country has chosen to align itself with the West, preferably with the United States. This is a relationship based on a partnership and on friendship, but this does not mean that we cannot have different viewpoints because relations between countries requires active discussion.

He emphasized that the bilateral relations with the United States have not changed. He added: I was an ambassador for 18 months and I am now the foreign minister. I believe that this explicitly shows a continuity of political relations.

Regarding the decisions he will make, Di Tella said: There will be substantial continuity of the current Foreign Ministry policy. I was confident of that policy under the previous administration. I participated in defining that policy and I have been saying for many years that Argentine needs a real foreign policy.

Di Tella also confirmed that Raul Carignano has been appointed ambassador to the Latin American Integration Association (ALADI) because he has done a great job and can provide valuable experience, especially in relation to the South American common market.

Di Tella added: The reassignments made by President Carlos Menem were very well received in Washington. The appointment of Cavallo as economy minister was very well received. He is very well known and respected, and I believe that the United States understands the need for the economic plan announced last night.

He confirmed that a delegation of U.S. investors will come next March to study the possibility of investing in productive operations worth several million dollars. He added: Investments are very important because they give practical financial results which are needed for the well being of the Argentine people.

Regarding the use of the Hercules C-130 ordered by the Foreign Ministry to evacuate Argentine citizens, Di Tella said that the remaining Argentine residents in the Persian Gulf area will be brought home when the situation warrants.

Cavallo Explains Economic Measures, Policy

PY0402205591 Buenos Aires Argentina Televisora Color Network in Spanish 0001 GMT 4 Feb 91

[Speech by Argentine Economy Minister Domingo Cavallo in the Argentina Televisora Color studio in Buenos Aires on 3 February—recorded]

[Text] Countrymen, as economy minister I must talk to you, but first I would like to say that like any other citizen, I feel and experience the anguish of what seems to be a new failure, a new frustration. I know that the people are burdened by so many economic adjustments and that they are asking themselves why new sacrifices are needed. I also know that every one of you is looking for reasons to continue to have faith in and hope for the future of the country and its people.

I was born and grew up in a provincial city, a place of workers and farmers where people continue to produce and save even in adversity because they have the spirit of the settlers who plowed the land and created industry. In my trips through the provinces and abroad I have learned that that quality in the people of my province runs throughout our country. This explains why—despite the many mistakes made by our governments and repeated crises—the Argentine people continue to hold on to the idea that it is still possible to grow.

Tonight I would like to help you understand what has happened, to make a proposal to overcome this crisis, and to invite you to renew your confidence in the economic policy chosen by President Carlos Menem.

Most of you have supported the privatizations and state reform. We have made great progress in this area. We have also made some mistakes, but we have gained experience. A great deal remains to be done but we are now better prepared to do it with greater efficiency. The public has also supported our economy's integration with sister nations in the Southern Cone and the Argentine opening to the world. Many producers are rightly concerned about the distortions that obstruct competition with foreign products, but the majority believe it would not be sensible to isolate ourselves again—as in past decades. Housewives and even the most sophisticated financiers do not believe in control over prices, salaries, and exchange and interest rates. Economic freedom seems to be deeply instilled in our society.

What you are probably asking is why—if this is the right policy, which seems to be proved by what is happening almost everywhere in the world—after nine continuous months of lower inflation rates in Argentina, a strong devaluation has suddenly occurred and the risk of an inflationary spiral has reappeared.

Tonight I would like to give you an answer to that question. There are three basic problems that we have not yet been able to overcome. First, state reform is just beginning to show results and reforms in areas such as the official financial sector have just begun. A great deal remains to be done. Second, tax collection is insufficient

because tax evasion is too prevalent. Third, we continue to have complex, confusing, and unstable regulations and public officials arbitrarily make many economic decisions. Within this sort of economic situation, corruption, inefficiency, and injustice continue to reign.

I would like to begin by explaining why local currency was overvalued in the second half of last year. While we were experiencing hyperinflation, people desperately bought larger quantities of dollars than they would have normally kept on hand. It is therefore natural that when the government was able to curb inflation, the people who had bought excess dollars tried to sell them. This situation was helped by the high interest rates set by official banks, which financed public deficits and made loans to bad debtors—those who know that they will not pay do not ask about interest rates. In this situation, if the Central Bank had printed australes without any limits in order to buy dollars, it would have again faced the risk of hyperinflation.

Therefore, there was only one way to prevent the excess of dollars offered by the public from causing an overvaluation of the austral: The state had to collect enough taxes to not only cover public expenditures, but also to buy dollars in order to finance the Central Bank's accumulation of reserves. Unfortunately, this did not occur. A great deal of tax evasion continued and not many taxes were collected.

In the last few weeks, financial operators began to notice that in order to keep the dollar exchange rate at such a low level, the Central Bank was going to have to sell larger and larger quantities of its reserves. Therefore, the financial operators did their utmost to purchase dollars before the inevitable devaluation of the austral took place. As a logical consequence of this attitude, an important and sudden devaluation took place after the Central Bank decided to keep its reserves. This is precisely what happened last week, prompting the restlessness that is now prevailing in all Argentine homes.

Before announcing the substantive solutions to you, let me explain how we will stop this process and prevent inflation from gradually increasing every day.

Although we decided to reform the state and undertook to privatize many public enterprises, a transformation of the banking system and especially that of the official banks is still pending. The first announcement I want to make tonight is the government's decision to immediately restructure the nation's official banks.

In the next few days, official banks will no longer grant new loans to large customers. Henceforth, these banks will only grant loans to agriculture and livestock producers, to small- and medium-sized enterprises, and to families. As of today and until the end of this year, the nation's official banks will sell the loan portfolios for large debtors through public bids. This involves a privatization of the administration and recovery of loan portfolios for large customers who will have to secure their loans from private banks in the future.

Large financial operations have always been a source of corruption in official banks and the natural consequence is that loans are unrecoverable and result in losses that must be covered by the Central Bank. Therefore, it has been decided that official banks will no longer be allowed to finance public sector deficits and loan applications from large debtors.

These operational restrictions will not involve dismantling the physical infrastructure and human resources of official banks, but will involve their reorganization and the retraining of many of their personnel in order to begin supporting the task of the General Directorate of Taxation [DGI] for tax administration matters. As the reorganization and retraining program advances, the National Bank will take over tasks such as receiving taxpayers' sworn statements, claims for untimely and improper presentation, tax collections, and keeping a data base, thus allowing the DGI to proceed with its supervisory and control role and to effectively pursue tax evaders.

The National Development Bank [Banade] will be transformed into a bank for large investments. It will administer the foreign loan portfolio and the financing of exports, both of which were included in Central Bank assets up to now. In order to grant new loans of this type, Banade will recover this portfolio and will receive the funds allocated from the national budget and what funds it can secure on the international capitals market.

The National Savings and Insurance Fund [Caja Nacional de Ahorro y Seguro] will be privatized after its financial operations are transferred to the National Bank.

Through the Central Bank and the Interior and Economy Ministries, the national government will lead the provincial governments in undertaking transformations similar to these in their official banks.

The second package of immediate measures that I am announcing tonight pertains to the tax system and the collection mechanism. We have decided to change some taxes in order to collect from tax evaders without increasing the pressure on normal taxpayers.

We will increase the VAT [value-added tax] rate for unregistered taxpayers. We will also increase taxes on bank loans. These new taxes will be deducted from the VAT and profit taxes. The change will generate a substantial amount without affecting taxpayers except when they are evading payment on the VAT and profit taxes.

We will also increase taxes on the purchase and sale of foreign exchange. This measure will not affect exports or imports because we will eliminate the stamp tax.

In order to counter evasion on the profit tax, general taxes on assets are increased to 2 percent and taxes on

assets in the services sector are increased to 4 percent. This is because tax evasion is greater for the latter.

We will propose legislation to deduct profit taxes from taxes on assets in order to obtain tax credits in countries where foreign investments originate. This will be done through the negotiation of bilateral agreements to prevent double taxation. We will also propose eliminating the remaining tax discrimination for foreign investments.

We will send a bill to Congress to tax all profits obtained by companies except when the profits are earmarked for employee incomes and as long as social security payments are accredited.

We have estimated that despite the shortcomings of the present collection system, these changes will allow us to collect an extra $200 million a month. This is not enough, however. In order to eliminate the fiscal deficit and replace bad taxes such as those that tax foreign trade, electricity, gasoline, and transport, we need to achieve a substantial increase in tax collection. This can only be achieved through new, innovative measures to fight tax evasion.

In order to encourage tax evaders to fulfill their fiscal obligations, we will implement a system of bonuses, punishments, and greater administrative clarity. As of today, inspections ordered by the DGI will compare taxes actually paid as of 1 January 1991 and the amount that had to be paid according to the law. The investigation will stop if the DGI does not detect any evasion at this stage. Otherwise, the DGI will also investigate previous tax periods; that is, those who now begin strictly fulfilling their obligations will not be investigated further even though they should pay what is missing from previous reports.

The other weapon we will use to fight tax evasion will be administrative clarity. As soon as Congress approves a simple amendment to the Tax Procedures Law, we will publish the entire list of taxpayers classified by activity and in alphabetical order. Besides the basic identification, we will publish the amounts paid as of 1 January 1991 on VAT, profit taxes, assets taxes, and social security payments.

This publication will make possible the implementation of several tax evasion mechanisms beginning with the participation of all society, particularly taxpayers who suspect that a competitor is offering items at unfair prices because he is evading taxes. This is a drastic measure, but the problem is very important and the grave economic and moral consequences of it force us to use extreme measures.

Another ingredient in the strategy against tax evasion will be promulgation of the reform of the tax penal law, which has already been submitted by President Menem to Congress. The regulations on closing businesses due to tax evasion will also be reformed.

A drastic reduction in tax evasion is essential not only to stabilize the economy, but also to encourage investment, employment, and economic growth. Only greater tax collection will allow retired people, teachers, health workers, and security and defense agents to have dignified salaries.

Third, I would like to announce today the beginning of what will be a huge task—changing Argentine economic rules to make them simpler, clearer, and automatic. Today's announcements will refer exclusively to foreign trade.

In taking advantage of the greater natural protection for all economic activities provided by the higher dollar rate, we decided to eliminate all specific customs duties and to replace them with duties up to 22 percent with a published valuation system in order to prevent dumping [preceding word in English].

Changes will also be introduced in the current customs duties structure. Part of the duties in the 22-percent bracket—raw materials and the main input for national production—will be reduced to 11 percent. We will immediately implement the scheduled reduction of the percentage of export dollars that the Central Bank withholds for soy bean and soy bean by-products. We will eliminate all customs duty restrictions on imports.

The bureaucratic procedures for exports and imports will be drastically and integrally simplified, thus reducing arbitrary decisions by officials to a minimum. We will invite the private sector to join a permanent commission with representatives from throughout the country to expedite foreign trade. The goal is to allow any company—no matter how small—to be able to export and import without any problems.

We will reorganize the custom house with energy and firmness in order to eradicate fraud, and all the taxes on foreign trade will be paid in foreign currency as soon as possible. We will make every effort to improve the efficiency of transportation and ports.

Finally, to conclude the chapter on immediate measures, I would like to refer to the adjustment of prices and salaries taking place in the free market and to the adjustments we ordered for the official sector. Regarding the exchange policy, we will maintain the free float system established between the current limits.

As for public services, a decision was made to increase fuel taxes by 33 percent and for the rates on all public services to be adjusted in accordance with the effect of the new dollar rate on their costs. Under no circumstance will public utility rates be increased higher than the dollar rate increase. Postal, water, and railroad services will be increased by 25 percent. Fuels have already been adjusted by the producing companies in accordance with the current oil deregulation system.

Economy ministers do not enjoy devaluing and adjusting utility rates. Here, however, the devaluation has been

produced by a free market. It would be irresponsible to allow the public utility firms to deteriorate and the fiscal deficit to increase because their rates are not being adjusted.

I would like to stress that many prices and utility rates are increased by a lot less than the increase in the dollar rate. The existing difference with the cost of services in dollars has been virtually eliminated in areas like electricity, telecommunications, transport, and fuels.

The prices of goods and services that are provided by the private sector will continue to be determined by the free market. There is no reason why the goods and services that were hiked in australes when the dollar was stable should be increased now. Only the prices of imported goods, goods for export, or those with foreign components should now be increased.

This adjustment has for the most part already been implemented. Those who increased prices excessively will see the demand for their products sharply curtailed. We will correct the distortions that we detect with professionalism and clarity and without resorting to controls.

We are conscious that this package creates a real problem for pensioners. I cannot lie to you. The country's capacity to avoid a drop in popular sectors' actual earnings is quite limited at this time. We would be lying to you if we ordered large salary increases without implementing an appropriate source to defray the cost.

The inflationary effect of issuing money without support would be worse than any nominal salary gain. Salaries and the standard of living would suffer even more. In matters of the economy, as in everyday life, it is always better to tell the truth rather than creating illusions that only lead to frustrations. The only salary compensation we can grant at this time is a bonus of 250,000 australes for active salary earners, and 200,000 australes for pension earners at the end of February.

In the private sector, this compensation will be considered a down payment against future collective negotiations. This is the only increase we can grant at this time. The situation, however, will change if we can increase tax collection. This is a summary of measures that we have decided to implement immediately.

As of next week the undersecretaries of the individual ministries will explain the details of each of these measures. In fact they will begin their explanations tomorrow.

Before concluding this part of my message on immediate measures, I want to call for full support from all Argentines, particularly entrepreneurs and workers because, in a free market, results depend more on the attitude of the people than on government decisions, that is, if we are to maintain our freedom. The only alternative to an irresponsible struggle for the distribution of goods is a very harsh monetary policy. The Central Bank is ready for this possibility because society will not accept the risk of a return to hyperinflation.

The results depend on us and on you. We can avoid recession and unemployment if we show moderation. We must understand this very clearly. Now that I have finished with the immediate measures I want to speak about long- term objectives.

These objectives are no different from those that President Menem defined on 8 July 1989 [Menem's inauguration]. We want to achieve a truly productive economy. We want to see competitive production of goods and services. We want to finish with the spectacular profits derived from privileges. The productive economy involves agriculture as well as industry and services because, contrary to what some people believe, we have comparative advantages not only in natural resources but also in industrial production. This will be obvious as soon as the problems of capital flight and the brain drain are reversed.

To attract investments, we are going to expeditiously complete the renegotiation of our foreign debt. Thus, we will eliminate uncertainty and will make interest rates decline steadily, not by enforcing artificial measures but by eliciting greater confidence in the country.

We will continue with the ongoing process of reform and reorganization of the state through deregulation, and the privatization of all those productive activities that can be undertaken by the private sector. To make public accounts crystal clear, I will give periodical briefings to explain how much, and how, we are spending public funds so that every Argentine will be aware of how government funds, that is, the funds resulting from our tax payments are used.

We are also going to ensure justice, and to guarantee strict compliance with contracts and to punish those committing any breach of contract; we will continue to wage an all-out struggle against corruption and will continue our efforts to make the state financially sound again.

We ultimately seek to strengthen the fiscal contract linking the state with its citizens by making the state comply with its constitutional duties and the citizens comply with their obligations. Only in so doing will the citizens have a legitimate right to the assets and guarantees provided by the state.

We will continue with the process of integrating Argentina with the world. No one is eagerly waiting for us. On the contrary, the process initiated with Brazil, Paraguay, Uruguay, and Chile—which may encompass other countries in the future—is indeed essential for us to resolve our problems and to improve the standard of living of our people.

We want to build a solidaristic society, the cornerstone of which cannot be the redistribution of inflationary

income and wealth, but the reinstatement of fiscal discipline through equitable payment of taxes that will pave the way for education, health, social security, and housing benefits.

In sum, we must again have a true currency because if we fail to achieve this, it will be impossible to achieve any of our other goals.

To achieve all these goals, our country must be equipped with a set of stable socioeconomic institutions which will jointly promote freedom and solidarity. Just as the previous government was charged with restoring our constitutionally established political institutions, history has entrusted President Menem's government with the task of rebuilding our socioeconomic institutions.

To implement this task, we must reach a social agreement. The formulation of new laws for the socioeconomic organization of Argentina cannot be the exclusive work of either Peronists, Radicals, liberals, or of any other party—nor indeed can it be the work of a given sector of labor and production. It must be the result of a joint effort by everyone. To this end, we have assigned a role to all free business, labor, and social Argentine organizations. No agreement reached by these organizations will be irreconcilable with freedom.

Yet, the decisive role in this major institutional task still rests with the National Congress. Among the laws we must discuss are:

—The new organizational charter of the Central Bank and changes to the law governing financial institutions.

—The national budget and an analysis of public assets. Beginning in 1991, and fully operational in 1992, the budget will become an instrument that will make the overall state economic management totally open to the public. An account focusing on public assets will be included with the main purpose of showing greater solvency. This will be an useful tool in consolidating policies for selling public assets, the privatization of public enterprises, and the conversion to capital assets of the external and domestic debt.

—We must also amend the laws governing foreign trade and tax laws.

Fellow countrymen; in closing this message I want to convey to you that our administration ultimately seeks to prevent ethics from continuing to be divorced from the economy in Argentina. We will work earnestly, openly, following clear rules so that the borderline between lawful and unlawful actions may be increasingly well defined, that is, to determine which side is legal and which is criminal. We are here to sign a contract that will guarantee certainty and build stability today so that each Argentine may increasingly control his own future, so that this future—as President Menem has advocated—may have growth and social justice.

* 1991 To Test Consistency of Reform Objectives

91SM0168A Buenos Aires LA PRENSA in Spanish 2 Jan 91 p 1

[Report by Daniel Lupa]

[Text] What seems to be the major question mark for all of 1991 is simply whether the change that began so radically in 1990 will consolidate, stall, or reverse itself.

It is easy to proclaim that 1991 will be the year in which change is put to the test. What is difficult is to ascertain what paths consolidation will have to take and what risks might halt or ultimately reverse change.

The problem in this sensitive a matter seems to stem from the fact that the two extremes are apparently closely associated. In order for change to become consolidated, it must move forward, intensify. A stall would lead to a sort of immediate inertial haste that would attack its very foundations and later result in a reversal.

The methods of achieving the stated goals are, once again, not that simple, since they clash with the practical problems facing the government. Menem's power has been restricted by weighty factors: a) lack of power in his own party, limited as it is by the Cafiero faction; b) lack of his own legislative power, limited as it is by the Cafiero faction in his own party and by the Alfonsin faction that remains after the congressional elections.

At the same time, however, he initially had to put up with the mistrust of broad segments of the economic players, some good will from dissident sectors of the Armed Forces and misgivings of a sort from the institutionalized sectors, and, finally, a heavy dose of public skepticism in a scenario burdened by the ineffectiveness of Alfonsin and his followers and their quick removal from power when they proved incapable of handling the major crisis that Alfonsin himself had started.

This complex, ambiguous panorama seemed to clear up as the months passed, with irregular, zigzagging responses and decisions that were based more on trial-and-error than on philosophy. Hence, the rearrangement of the scenario in 1991 (not because it is a new calendar year, inasmuch as the flow of time does not observe boundaries save those imposed by nature, and nature does not discriminate between one year and another) means that there is one "sine qua non" for selecting paths and surmounting vicissitudes: Menem must reaffirm change by gaining political space for himself.

Change, What Change?

According to many of the current arguments, the expectations for 1991 depend on the ambiguous phrase "reactivation of the economy," with the government once again seen as responsible for breathing life into private individuals and capital.

This is often associated with a "reactivation" of consumption, as "wages are adjusted upward," followed by

the availability of the "cheap credit" (given away, if possible) that is necessary for such stimulus to reach our social and economic core.

Such mistakes in an election year and at a time when change is being confirmed seem to be commonplace and could scuttle a year or a year and a half of painful sacrifices. So, when the talk turns to change, the bell could toll in 1991, once again with a peal that each will interpret in his own way.

In fact, however, 1991 will tell us, without fail or possible disguises, whether the government is really making the effort and the sacrifice to cut its spending and whether private income and savings stop being the adjustment variable for the budget deficit.

Accordingly, in-depth changes in 1991 must validate the changes that took place in 1990, so that the unavoidable, additional, and severe move of further privatizations (so that government can focus on its major tasks: justice, security, defense, foreign relations, etc., and its subsidiary ones: education, health care, etc.) becomes the goal in consolidating change.

An Election Year

Regarding the initial political difficulties (bloc and party), Menem has made some progress on the latter, inasmuch as Peronism has been able, if not to offer him major active support, at least to offset the main pockets of resistance to his efforts.

The first partly controlled pocket was the Cafiero faction. It survives not only owing to its own active presence but also as a result of the complex maze of presidential decisions that have kept the "celestes" as a power player, in the knowledge that they favor an understanding with the Cafiero faction and, through it, with the Alfonsin people.

The second has been the left, which has been pushed aside in light of its meager prospects for recruiting personnel in the interior. The breakoff of the "eight" means, in point of fact, that they realize that it be would hard for them to compete with Menem inside Peronism.

But this does not necessarily mean that the Menem faction has real control of the party machine. Yet, has the real size of the "Menem faction" ever been accurately determined?

Therefore, the 1991 elections could be seen as a chance to put change to the test. Menem will have a chance to achieve his own majority in Congress ("his own" means not only the Peronist bloc but also a political group willing to support his agenda from now until the end of his term). Moreover, he will have a chance to put together, if not a machine proper, at least a movement that will back him broadly and more committedly than his own Peronist Party has so far.

A Turning Point for the New Party?

The year 1991 will be a tense one if the traditional electoral pattern combines with the customary demagoguery, plus the demands arising from change, which cannot be halted without risk of prompting hasty action.

This means that if the Menem faction wants to stay the course in 1991, it must run in the elections on the platform of change itself. Obviously, therefore, it will need personnel who are staunch believers and who are trained to debate with populists and leftists. Does it have such personnel? Can it find them without frightening away other supporters? The answer is neither simple nor straightforward.

Because 1991 is both an election year and a year in which change will be tested, political developments will converge on one key issue: Can Menem launch his own movement, without dispensing with Peronism itself? The answer, once again, is mercilessly difficult and complicated.

Nevertheless, 1990 will be of help to him, inasmuch as never before has a year more clearly highlighted the crisis of the political parties. Exactly one century after the birth of the modern political parties and without the sort of bloodstained momentum that the revolution of 1890 provided, our major, by now traditional political groups seem to have given all they can.

The authoritarian wishful thinkers who endeavor to base power on small dissociated fragments and who extol the municipality arrangement (perhaps because they cannot stand to see political autonomy in action and seek to condition it by fragmenting it) conceal their lack of party commitment in order to bolster the partisan monopoly of the single movement [unicato].

But they seem to be unaware that in one way or another some party will emerge. Thus, the crisis that arose even before 1990 but that took definite shape in 1990 through the defeat of the populists in the "Cafiero-Alfonsin" referendum on 5 August, makes it obvious that new parties are in a stronger position to rise up and replace the exhausted, fossilized ones that emerged a century ago.

The Military Change

The year 1991 will be no less caustic in telling us what the ramifications may be of the pardoning of the military chiefs who defeated subversion. An intensification of the overall change will unquestionably be a condition for a consolidation of change in this area.

The answer seems to depend on two very specific issues: a) Whether the chiefs released in late 1990 are reinstated in the military with titles, honors, the use of their uniforms, and even recognition of their struggle to restore the National Constitution that had been contravened by the subversives; b) Whether, at the same time, the military begins to be restructured on the basis of reformulated military objectives consistent with foreign

policy. This will entail an arduous assessment of the country's conflict scenarios in order to develop the necessary model of organization and structure.

Palindrome Year?

During an interview late in the year on the TV program that Bernardo Neustadt hosts, Menem joked (or does he really believe it?) that 1991 certainly ought to be a good year, adding with a wink: "After all, it is a palindrome year."

The president's remark seems to show a heavy dose of irrationality yet strong self-confidence. Our brief, incomplete survey indicates that the president, "aside from a palindrome year, will have to show an awareness, an intelligence, and a perception possessing the attributes that he ascribes to the palindromic number, lest he err in a threshold year," one veteran observer of the political scene reasoned.

* Tax Evasion, Effects on Provincial Finances

91SM0168B Buenos Aires SOMOS in Spanish
24 Dec 90 pp 52-54

[Report by Tristan Rodriguez Loredo]

[Text] If there was anything that distinguished the auction of imported cars exhibited during the Automobile Fair, it was the anonymity of the interested parties. With good reason. Since the price tags ultimately exceeded $100,000, they would have been easy prey for any tax "sleuth" who wanted to pry into their tax records.

The episode clearly illustrates Argentines' inclination to shirk their civic duty to pay taxes. They are almost cheerful about it, until year-end financial straits, partly brought on by this abusive practice, force the government to make decisions that are not at all pleasant for taxpayers. Emergency taxes, early payments, and special fees are part of the extensive arsenal that tax collectors resort to at this time of the year. So much so that serious thought was even given to levying a "one-time" tax on cars, yachts, and planes. Of course the same promise was made a year ago, when the DGI [General Directorate of Taxation] made good on it.

Tax revenues show a decline that can no longer be concealed. According to the undersecretary of finance, Saul Bouer, during the first ten months of this year tax revenues were down 15 percent from 1989. Revenue-sharing was down 19 percent. This is more than enough reason for the governors to converge on Buenos Aires to beg for the crumbs they need to pay the Christmas bonus.

Behind the Resignation

This state of affairs made it impossible for the undersecretary of public finance, Raul Cuello, to keep a low profile any longer than Tuesday. "My friend Cuello," Erman Gonzalez explained to newsmen on the day he quit, "resigned because he personally did not feel that he was in a position to continue. Wear and tear, pressure was decisive."

Gonzalez, a more than qualified spokesman, also alluded to the straw that broke the camel's back last weekend when President Menem himself rejected the tourism tax. "It had a poor debut in society," the minister argued. The fact is that Cuello is gone, but the problem remains. In his farewell remarks the now former official tried one last defense. His argument was that this year's revenues cannot be compared with last year's because the rates are not the same, export duties have disappeared or have been cut substantially, and lastly, the dollar is down, dragging customs receipts with it. The fact is that nothing has changed. But the traditional year-end crunch is already making itself felt within the economic team.

The estimated December red ink stands at 438 billion australes (some $85 million). Bouer, who has become a supersecretary, feels that the source of these funds will be the Unified Fund of Official Accounts. But as he himself acknowledges, this ultimately means printing money. The funds have to be returned the same month they are used. Therefore, until now the current economic authorities have employed the strategy of using it for no more than 25 percent of what they require. Current conditions are causing them to consider the possibility of exceeding this ceiling. "If we resort entirely to the fund, we could cover all salaries in December too," Bouer clarified to SOMOS. For the time being, however, the Finance Secretariat's idea is to meet these commitments to civil servants between 2 and 7 January and pay the Christmas bonus before the end of 1990. In less than 15 days it will have to disburse 3.78 trillion australes (some $750 million), 76 percent of which is accounted for by salaries and the rest by the bonus.

Numbers like these mean that no detail must be overlooked. The banks will remain open on 24 December so as not to hamper payment of the annual complementary half-year bonus. "On the one hand," explains Bouer, "we are taking advantage of the day to keep on paying out Christmas bonuses, but on the other, it is another day of revenues." Every working day represents 400 billion australes.

Everyone Wants To Collect

Concern over the delays in paying salaries mobilized the most unsuspected lobbies. When Cesar Jaroslavsky was sighted near the Economy Ministry "bunker," speculation grew about a prominent Radical replacing Cuello. He was there for apparently much more mundane reasons, however. The lawmakers were concerned about receiving their expense allowances before the end of the year. Even Jorge Matzkin, a former comrade of Bouer's, called Aguilar to survey the panorama and explain to the budget director that he needed money before going on vacation. "Chacho" also reportedly threatened his friend

Bouer with a "sit-in" in the waiting room to his office unless the funds were paid out before the New Year's Eve toasts.

The tax advance that would be collected on Friday the 28th to bridge the gap would be far from a practical joke. The plan is to collect no less than 150 billion australes (some $30 million). If other options are ruled out, it would be the only extra revenue that Finance would have available to meet all requests. In addition to the ones already mentioned, the items that soaked up tax revenues were transfers to school lunchrooms and the expenses of inducting the new group of draftees.

The Provinces' Turn

Provincial finances are the most worrisome issue, however. Some provinces, like Chaco, had not even finished paying their employees for November by the middle of this month (it gave each a million australes as an advance). But the provinces in the most awkward situation are those in the northwest, especially Salta and Jujuy, which plan to finish paying the Christmas bonus in mid-January.

The Finance Secretary had two sources of help in December. On the one hand there was the austral equivalent of $100 million against the surrender of the BIC [expansion not given] bonds, which will be accepted at their face value, prorated by the percentage of revenue-sharing. A comparable sum will reportedly be issued in the coming days under a similar arrangement after the signing of a "Federal pact." The provinces would thus be reaffirming their acceptance of the austerity program. Moreover, special cases will surely be attended to, albeit less regularly this time. One such exception was the remittance of 150 billion australes to the worst off provinces. This list could also include the 250 billion australes (somewhat over $50 million) that the Central Bank handed over in the form of rediscounts last Friday 14 December. The provincial banks were reportedly the main recipients of these funds.

The demands of the provinces far exceed what the Economy Ministry can offer them. Just to cover the Christmas bonus the governors are asking for some $400 million. In the view of the director of provincial relations of the Economy Ministry, Rodolfo Vachiano, postponing the disbursement of salaries "will be the option that most of the provincial governments will choose." Buenos Aires is demanding cutbacks, citing as examples the featherbedding in schools and higher salaries than on the national level in certain segments of the Legislature and Judiciary.

To mention just one case, Jujuy needs 130 billion australes to cover its payroll, some 45 billion for the Christmas bonus, and another 25 billion to pay November salaries. It should be clarified that salaries have been frozen in the province since July. Its revenues total 90 billion, not enough even to defray labor costs. And the aid that it will ultimately receive from the federal government will cover only 35 percent of the Christmas bonus. Given the lack of other job opportunities and the unlikelihood of fresh spending cuts (there are already 3,000 fewer employees, and operating expenses have been cut by 25 billion a month), there is no easy solution.

Meanwhile, the governors are anxiously awaiting the first installments of the $800 million loan that the World Bank granted them to straighten out their provincial governments. Provincial circles have contended that the proceeds will be used to revive their economies so that the loans can be repaid. They provide no further details, however, as to how they might work this local miracle. Their arguments will have to be much better this time around. Negotiating with specialists from Washington is not the same as chatting with a "colleague" from the administration.

[Box, p 53]

When a Friend Leaves

Antonio Erman Gonzalez and Raul Cuello were in very different moods when they arrived to share their last cup of coffee as members of the same government team late in the afternoon of Tuesday the 18th. The minister was happy. The day marking his anniversary in the post was going by without visible storm clouds, and he had just gotten off an airplane with his briefcase chock full of best wishes (and loans in the pipeline) from the World Bank, the IDB [Inter-American Development Bank], the IMF, and a half smile from creditor banks.

Cuello, in contrast, was exhausted as he completed 13 months and ten days as the man in charge of tax revenues in a country in which evasion is the national pastime. To top it all off, because of this farewell get-together he was missing his regular daily mass at 1900 hours at the cathedral of nearby San Francisco.

"My friend the minister has accepted my resignation," he remarked later, when his relief turned to talkativeness in the presence of newsmen. It was then that he confessed that he could stand the pressure no longer. "It was a campaign that started with a lack of objectivity in reporting and went as far as insult, and it just happened to intensify every time that the minister was out of the country. These things ultimately have an effect even on the tranquillity of one's home," he explained.

Finally, and boasting of his brand new status as a former official, he made some remarks about his time in Public Finance. As in the old days he harped on tax evasion and the regressive nature of the system. Rather than giving the self-evaluation of a victor, he seemed hopeful that some day things would have to change. During his previous engagement in government, under Ongania, he resigned from the DGI when Dagnino Pastore announced a tax amnesty.

* Politicians' Salaries, Extra Benefits Revealed

91SM0169B Buenos Aires LA PRENSA in Spanish 30 Dec 90 pp 1, 4

[Report by Daniel Lupa]

[Text] Last August a metropolitan "neighborhood counselor" received a "travel allowance" of 8 million australes a month. This does not mean, however, that he did any traveling; the expression is a euphemism for remuneration without deductions. Eight million comes to half of the generous expense allowance of a councilman.

This was almost twice the 4.5 million austral salary of a lieutenant colonel (on active duty); four times more than a policeman with ten years of service, who, with a family allowance, earned 2 million australes; eight and a half times more than a single-shift schoolteacher, who made 900,000; and some six times more than a municipal physician, who earned 1.3 million australes.

These comparisons can be found in a document that the School for Democracy, which is headed by Mr. Simon Chatz, sent to the nation's president, Dr. Menem; it was delivered to him during a formal meeting with the undersecretary of government of the Presidency of the Nation, Dr. Felix Juan Borgonovo, in the middle of this past week. The document and the note accompanying it told Menem of several "irregularities in the management of public funds that have been legitimized by current legislation" (in Chatz' words), which "illegitimately enthrones a system of privileges, besides creating positions and officials of little or no use, as events have shown" (sic).

In 1990 the School for Democracy held around 50 rallies in downtown streets to denounce these and other wrongs. As set forth in the document submitted to Menem through Dr. Borgonovo, they include preferential retirement pensions; the "permanent party fund" that subsidizes political parties; the use of "official cars"; "official mortgage loans"; the "reserved funds" in civil service; free airline, railway, and bus "passes" and "tickets" for national and provincial lawmakers; free transit or free parking "permits," etc.

Impeaching Molinas

The note says that the school wants "to strengthen republican morality." To this end, "we feel that the Executive Branch" must send to Congress during this special session a bill "to repeal preferential retirement pensions because it is unacceptable that while some individuals who have paid in for many years cannot receive what is rightfully theirs, others who have served in government for one day (the most extreme case) are legally able to retire at age 43 at 85 percent of real pay."

It also demands that the administration order "the minister of education and justice, Dr. Salonia, to lift the unusual suspension that he has imposed on the prosecutors of the National Office of Administrative Investigations. The most recent actions and statements of Prosecutor Dr. Ricardo Molinas," it goes on to say, "have compromised the institution, which itself is in charge of investigating the entrenched corruption in the public sector that has received so much publicity lately, thus paralyzing judicial action."

"In this situation," it continues, "we think that Prosecutor Molinas ought to be removed from office through impeachment, and we feel that the dean of prosecutors, Dr. Roberto Sola, who along with Dr. Conrado Saadi Masue was one of the founders of the National Office 27 years ago, ought to fill this post."

Suspension of Deliberative Council

The nettlesome petition goes on to demand that the administration "look into "the possibility of provisionally suspending the Deliberative Council of the City of Buenos Aires owing to its incomprehensibly high cost and because it is the target of a great many charges of corruption."

It recalls that the council "has 60 councilmen (twice what it had when the city of Buenos Aires was the pride of its residents), more than 6,000 advisers and employees, and a budget of $60 million, an average of $80,000 for each councilman."

This suspension, it explains later, should pave the way for an overhaul of the city's deliberative and legislative body so that it becomes less of a burden. After recalling that the post of councilman is "in many, many cities of the world an honorary position," it contends that in the meantime the "legislative function can be discharged by the Legislative Branch, as provided for in Clause 27, which sets forth the powers that the National Constitution vests in it."

In conclusion, it describes "as an example of the breakdown" of the city the fact that "the 126 neighborhood counselors" there received the aforementioned remuneration last August.

A Telltale Resignation

Among the documents attached to the petition addressed to Menem the School for Democracy included the text of the resignation submitted to Mayor Carlos Grosso by a former neighborhood counselor, Rodolfo Martinez de Vedia, an engineer by profession. In it he recalls that "the neighborhood councils were created in 1972; there are 14 zones in the federal capital, with nine counselors serving in each, making a total of 126 counselors."

Martinez de Vedia was a counselor-elect on the UCD [Democratic Center Union] slate in Zone 1; he shared this representation with Mrs. Herrera, who belongs to the same party. He submitted his resignation last 10 July, in other words, eight months after taking office and more than 14 months after being elected to it.

He says that although the neighborhood councils are the number three municipal institution (after the Deliberative Council and the mayor), they "cannot fully perform" some of the specific tasks arising from the city's charter, among other reasons because "in view of the different ideologies and views of each of the counselors, it is impossible to coordinate far-reaching tasks that involve all of the representatives of a zone." This precludes "planning for and following up on neighborhood issues," besides which "with rare exceptions, community leaders do not demand that the councils perform their work thoroughly."

"In other words," he emphasizes, "the most basic task, which is to resolve the problems besetting a neighborhood or a zone, together with the residents and their council, is not being performed." The council restricts itself to minor issues that give rise to "lengthy bureaucratic formalities in the Executive Branch that are hard to comply with in the desired time periods because executive tasks are not performed."

As of last July, when Martinez de Vedia resigned, the "5 million australes a month "traveling allowance" of each of the nine counselors was not, in his judgment, justified by the work they were doing. "The individual tasks that the counselors wind up doing could easily be done by the city government through an already existing office that could handle the matter." Thus, three counselors per zone, in strictly honorary posts, would suffice, making a total of 42 for the federal capital; however, they should be elected through "strictly neighborhood involvement, eliminating candidates who get through by means of nomination battles without the background, the dedication, or the know-how."

The Ordinance and Other Items

According to the documents submitted, the current amount of the "traveling allowance" of the local counselors, which is set as a percentage of the "expense allowance" of the councilmen, is the result of a proposal by Councilman Francisco Siracusano (not to be confused with national Deputy Hector Siracusano). His proposal led to the passage of Ordinance 43,929, which amended Article 1 of Ordinance 39,750 as follows: "A monthly sum equivalent to 50 percent of the total remuneration that councilmen receive (salary plus traveling allowance) is hereby allocated as a transportation allowance to the members of the neighborhood councils for the time that they hold their posts, without their being obliged to account for it" (sic; what an odd way to justify a stipend, and what an odd administrative style, creating categories of expenses that do not have to be accounted for).

As for the legislative expense allowances proper, the documents and projects that the School for Democracy sent to Menem propose that national deputies and senators receive as an "overall income six times the minimum wage" (it also suggests that Executive Branch ministers be paid this amount) and that they be allowed to have only "two paid secretaries." In turn, Buenos Aires councilmen "would receive a traveling allowance equal to three times the minimum wage" and be entitled to just "one paid secretary." It also proposes reducing the number of councilmen from the current 60 to 30.

In addition, it suggests that the Permanent Party Fund be abolished, stating that political parties ought to maintain themselves solely from voluntary contributions from citizens; that the "reserved funds" also be eliminated, asserting that they account for 70 percent of the Judiciary's budget, and that orders be given "to return the preferential loans granted by the Mortgage Bank under Procedure 830" (sic).

* Need To Reform Electoral System Stressed

91SM0169A Buenos Aires LA PRENSA in Spanish 31 Dec 90 p 7

[Report by Hernan Luna]

[Text] Now that the passage of time has shed some light on the symptomatic episode that took place in the province of Buenos Aires on 5 August, other unusually important social and political realities are coming to the surface, above and beyond the constitutional and institutional aspects of the much talked about Buenos Aires plebiscite.

On the very same day that Governor Cafiero called for the plebiscite from the provincial Legislature in a purportedly momentous ceremony, we pointed out how divorced the top echelons of the Justicialist and Radical parties were from the real electorate, which is uninterested, misinformed, and concerned primarily about individual security, unemployment, and the high cost of living in its most precarious manifestations (LA PRENSA, 25 April 1990).

Today, the divorce between the realities surrounding us, the expressed desires of the citizenry, and the so-called representatives is clearer than ever. Wouldn't now be the time to improve the electoral system?

A Bit of History

Regarding Articles 37 (election of deputies) and 46 (election of senators) of the National Constitution, the Argentine electoral system, both national and provincial, has always taken a "simple plurality of votes" as the general rule.

The flexible and wise Constitution of 1853 has enabled various electoral systems to be implemented over a period of almost 150 years, to wit:

Until 1912 the system of the complete slate was used (Law 140 and others). As its name indicates, whoever won an absolute majority won all of the seats at stake.

The Saenz Pena law introduced the system of the incomplete slate (Law 8,871) or, more accurately, the restricted vote, under which the largest vote-getter received two-thirds of the posts at stake and the second largest the

remaining third. Although this was, as Miguel Angel Carcano aptly described it, "the revolution through elections" to establish a universal, secret, and compulsory vote, in practice it introduced a two-party system with disproportionate representation.

This system was used (with an interregnum here and there) for the election of national deputies until 1962, for the election of constitutional convention delegates in 1948, and in eight presidential elections until 1963.

Another system, the single-person precinct, was used for the first time in 1902-04 (Law 4,161) during the second presidential term of Julio Argentino Roca. Tried out at the suggestion of his interior minister, Joaquin V. Gonzalez, to defuse a tense political situation, it enabled Alfredo Palacios to win a seat from the La Boca precinct as the first socialist deputy in the Americas. This prompted one Buenos Aires newspaper to comment with a smile that "La Boca [the mouth] now has teeth."

The system was used again to elect national deputies in 1951 and 1954 (Laws 14,032 and 14,292).

In 1957 the system of proportional representation, in its distinct variants, went into general use, and in 1973 a second round of balloting was added, that one time, in the event that no ticket won more than half of the total vote in the first round.

Since 1986 the so-called "lema law" has been used in a few provinces (San Luis, Tucuman, Santa Cruz, and Formosa) to choose candidates for provincial posts. Traditionally employed in Uruguay, this system has been used in eight provincial elections in Argentina.

The Systems

The debate now would seem to be between the proportional system, more or less open primaries, the "lema" law, and precincts.

As we have indicated, the crisis of representation was made obvious by the Buenos Aires plebiscite. Those who had previously gotten almost 85 percent of the vote were rejected by 70 percent of the electors.

This indicates that the "machines," the "top echelons," the "accords," are not viable representatives in the eyes of an electorate that is eager for realistic, specific solutions to the short-term and structural problems that we are enduring.

The Precinct

Under this system a district is divided into precincts, which, as in Argentina, can be single-person (one candidate is elected from each precinct) or three-, four-, or five-person, as in Japan.

The advantage of the precinct is that the voters are linked to their representatives, thus fostering a genuine relationship between elected officials and their constituents, which is the very essence of a representative system. It lends independence to elected representatives, who feel that they always have a homogeneous force supporting and protecting them. It prevents mediocre individuals from slipping through under the wing of the big names on the list (if there are any). It creates in the electorate the feeling of having their own representatives, thus enabling voters to share in their victories; moreover, it is then very difficult for representatives to seek reelection unless they have done something to deserve it.

Its disadvantage is that as an all-or-nothing system it could distort representation by favoring a two-party arrangement.

In England it sidelined the Liberal Party, and this could happen in Argentina as well. Moreover, given our electoral history, its single-person version could lead to a one-party system [unicato] unless it is combined with other systems.

Open Primaries

Fierce nomination battles, the interplay of party "machines," "point men," and "manipulators of electoral records and timetables," have led several legislators and political scientists to consider a system of primaries.

Under the open version of this system, which is used in the United States, each voter can vote for candidates from any party, without belonging to them, but it does so only once; the primaries are held simultaneously for all parties.

In the United States the system is used in 24 of the 50 states, but only in six are the primaries completely open. In the others voters must register beforehand in a given party (this is somewhat similar to our party affiliation, although much more temporary).

The drawback is that primaries tend to lead to a two-party system whose features are very different from our political-party map.

Moreover, since Argentina has two huge parties, the Justicialist and the Radical, the other political forces could be swamped and put out of action.

This could happen by way of what is called "crossing over," whereby the supporters of one party cross over to another in a "raid" on the adversary's turf in a bid to impose the candidates that they would prefer to see running.

"Lema" Law

Under this system each party is a "lema" [slogan]. In turn, "this party" can offer different slates, which constitute "sub-lemas." The elected office goes to the candidate who obtains the most votes within the winning "lema."

The advantage of this system is that it diminishes the influence of the "party machines" and the resulting nomination battles.

Its well-known disadvantage is that political parties could become atomized. Such a development would lead to a political diaspora, the resulting weakening of the system, and confusion among the electorate. We need only recall that 36 "sub-lemas" ran in the elections in Tucuman Province in 1989.

Moreover, a candidate who does not obtain a plurality of votes could be elected. This happened in the 1971 elections in Uruguay, in which the candidate of the National (Blanco) Party, Wilson Ferreyra Aldunate, got the most votes, but the presidency went to the "sub-lema" whose candidate was Jose Maria Bordaberry, inasmuch as his party (the Colorado) garnered more votes by combining its "sub-lemas." Such a development would raise questions of legitimacy, all the more so because only one person can hold the position in question.

Mixed (German) System

Germany (now unified) has a mixed system that combines the single-person precincts with proportional representation.

Under this system a voter casts a dual ballot. The states are divided into precincts, and voters cast one ballot for a precinct candidate and another for the party of their choice in the province (land).

Since the precinct is a single-person one, the candidate who obtains the most votes is elected; at the district (national) level, the votes are apportioned in accordance with the results of the competing parties.

Owing to its mixed nature, this system may be the one best suited to our country.

The current 254 national deputies would be divided in half for each subsystem. Thus, 127 would be elected by district (province) in single-person precincts, and the remaining 127 also by districts according to proportional representation.

The system would work well in Buenos Aires, for example, where 35 national deputies would be elected by precincts and another 35 by proportional representation under the D'Hont or Hare-Niemeyer (more proportional) variations.

The problem arises because of the imbalance in population among Argentine provinces, inasmuch as the candidates elected by precinct are subtracted from those chosen by proportional representation. As a result, in those districts in which few lawmakers are elected (e.g. San Luis, Catamarca, Formosa, Chubut, Rio Negro, Santa Cruz, La Rioja, and Neuquen, among others, elect five deputies each), the system could throw the proportional representation out of balance. Moreover, dual candidacies would have to be prevented, and the system would have to be publicized in such a way that it did not give rise to confusion.

The Challenge of the Hour

Our election procedures are in crisis, and frustration has become widespread, as people feel that class or corporative interests rather than the public interest are being defended. When all is said and done, politics is striving for the common good, though we might forget this at times.

A consolidation of the system of representatives, republican government and a return to federalism demand that we improve our election mechanisms through an electoral law that secures freedom and progress under political leaders who are increasingly representative and who address punctually and in earnest Argentina's serious problems, providing responsible, rational, and prompt solutions.

Bolivia

Foreign Minister Reports on Rio Group Resolutions

PY0502022891 La Paz Television Boliviana Network in Spanish 0030 GMT 5 Feb 91

[Text] Carlos Iturralde, minister of foreign affairs and worship, today reported on the results of the Rio Group ministerial meeting held last week.

[Begin Iturralde recording in progress] ... I then went to New York. On Thursday in Washington I met with Mr. Eagleburger, who is the second highest-ranking official of the U.S. State Department. Mr. Eagleburger is the official who negotiated with Israel. He and I studied current Bolivian issues.

As for the Rio Group ministerial meeting, I believe you have already received information on it. I will briefly outline the decisions that were made at the meeting. The meeting decided to reiterate the group's support for the UN resolutions. The group also asked the UN secretary general to provide a report on the fulfillment of such resolutions. The group condemned the extension of the Persian Gulf conflict through attacks on countries that are not engaged in the war and demanded compliance with the Geneva conventions on war prisoners. The group demanded that the countries at war abstain from using chemical and biological weapons and weapons for massive and indiscriminate destruction.

Colombia, Chile, and Ecuador were designated to follow up on the Persian Gulf crisis and to formulate proposals and mechanisms to allow the Persian Gulf zone to effectively contribute to the new order and the new peace that must prevail in the region. The new order must include the resolution of the Palestinian problem.

Other issues were also considered. The group supported the situation of El Salvador and voiced concern over a

report from a special mission that went to Panama. The mission investigated Panama's compliance with the appropriate regulations in connection with the refugees in some diplomatic missions in that country. [end recording]

Government To Punish Corruption in Drug Fight

PY0502144391 La Paz La Red Panamericana in Spanish 0000 GMT 5 Feb 91

[Text] Interior Minister Guillermo Capobianco has said that the fight against drug trafficking is efficient despite a few cases of bad conduct by government officials. Capobianco made it clear that these situations are to be expected and that the government has taken precautions to eradicate the ever present cases of corruption in public office. Capobianco said the government has followed up on all reports of corruption and that officials that were involved in corruption have been dismissed while those with indirect links are being investigated.

[Begin Capobianco recording] I do not think the bad conduct of some public officials can tarnish the positive balance, on the whole, of the fight against drug trafficking throughout the country. This is important. We have the political will and convictions to continue addressing irregularities in government. [end recording]

President Paz Zamora Attends Cuban Reception

FL0202031591 Havana Radio Rebelde Network in Spanish 0000 GMT 2 Feb 91

[Text] Bolivian President Jaime Paz Zamora yesterday attended a reception that Cuban Ambassador Angel Brugues held at his residence.

Among the many officials present at the reception were Bolivian Interior Minister Guillermo Capobianco; Oscar Eid, current leader of the Movement of Revolutionary Left, MIR; and Susana (Celeme), Paz Zamora's private secretary.

It was learned that on this occasion, Paz Zamora and Brugues exchanged views on several issues, among them, Bolivia's attendance at the upcoming Pan-American Games which will be held in Cuba.

Statistics Institute Reports Record Inflation

PY0502133891 La Paz Radio Fides in Spanish 1100 GMT 5 Feb 91

[Text] The National Statistics Institute has reported that January's inflation rate was 5.84 percent. This is the highest inflation rate since the beginning of the present constitutional period. I repeat: 5.84 percent. This month ended with the highest inflation rate since [words indistinct]. The most important components of this increase are: food, 2.62 percent; housing, 1.61 percent; clothing, 0.47 percent; and others, 1.14 percent. Food contributed almost half of last month's inflation rate.

Brazil

Decree Cuts Expenditures for State-Run Companies

PY0402151091 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 4 Feb 91

[Text] State-run companies will not be allowed to hire or promote officials and their expenditures will be cut by 10 percent. In addition, these companies will have to settle all accounts that fall due between 16 March and the end of this year. Salaries will be fixed by the Economic Policy Secretariat. These measures were included in a decree released by the Economy Ministry last weekend.

Government Institutes Rate, Price Hikes

PY0402205691 Rio de Janeiro O GLOBO in Portuguese 1 Feb 91 p 25

[Summary] According to the economic package announced by the government on 31 January, the following public rates have been readjusted: electricity by 59.5 percent; telecommunications by 58.68 percent; postage by 71.46 percent; urban train fares by 36.36 percent; interstate and international fares by 55 percent; port fees by 25 percent; sugar price paid to producers by 46.78 percent. All these adjustments are effective as of today.

Chile

Satisfaction Expressed for End of GSP Sanctions

PY0502222291 Santiago Radio Chilena Network in Spanish 1600 GMT 5 Feb 91

[Text] The government has expressed its satisfaction over the financial indexes that were reported yesterday, especially the low 0.4-percent inflation rate registered in January. The announcement was made by Edgardo Riveros, acting secretary general of government, who said that the government is satisfied that Chile has been reincorporated into the U.S. Generalized System of Preferences [GSP]. Riveros said that the inflation rate clearly reflects a sound situation, with which the government is satisfied. He added that optimistic economic expectations for this year are now in order.

He added: We would also like to express our satisfaction over Chile's reincorporation into the GSP. We consider that this is a concrete result of Chile's reincorporation into the international community and of the Chilean internal process, which has produced labor laws that are in closer agreement with the relations between the factors of production in our country.

[Begin Riveros recording] This type of measure helps to normalize the Chilean situation. It is a concrete result of the strengthening of democracy and, let me reiterate this, the reincorporation of Chile into the international community reflects the progress that Chile has achieved in that field. [end recording]

He added that there are sound reasons for expecting that the Chilean economy will grow by 4 to 5 percent in 1991.

He said that the government believes it is important to strengthen the economy while keeping the inflation rate under control, adding that the budget for this year has been designed on the basis of an estimated inflation rate that will not surpass 20 percent.

He concluded by saying that because of the performance of the economy in January this target will hopefully be attained.

Rio Group Energy Ministers To Discuss Oil

PY0402223491 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 4 Feb 91

[Text] Foreign Under Secretary Edmundo Vargas has announced that the energy ministers of the Rio Group member countries will meet in the next few days to assess the effects of the Persian Gulf war. Vargas said that the meeting will be held in Quito, Ecuador, and that they will discuss the alternatives available to Latin America that will permit a more balanced energy policy.

He also said that the recently established War Development Watch Committee—formed by Colombia, Ecuador, and Chile—will meet as often as necessary to contribute to a peaceful solution.

He said that to find a peaceful solution it is indispensable for Iraq to withdraw from Kuwait.

Referring to the possibility of Chile sending humanitarian aid to the zone, Vargas said that it will be granted only if the Red Cross asks for it.

PCCh Opposes Privatization of State Railways

PY0502003491 Santiago Radio Cooperativa Network in Spanish 2200 GMT 4 Feb 91

[Text] The Communist Party of Chile [PCCh] has categorically rejected the privatization of the state railway enterprise, which was proposed by UDI [Independent Democratic Union] Deputy Pablo Longueira. Through a public statement, the PCCh stated that it opposes delivering to the greed of economic groups a company like the state railways enterprise, which serves millions of Chileans. The statement added that the enterprise was intentionally mismanaged by the Pinochet government to justify its privatization. The PCCh declared that the state must meet the obligations inherited from the previous administration, after investigating the financial crisis of the enterprise and after identifying those who are responsible for it.

Social Democracy Party Legally Registered

PY0102211091 Santiago Radio Nacional de Chile Network in Spanish 1600 GMT 1 Feb 91

[Excerpt] The Social Democratic Party [Partido Social Democracia] was legally registered today with the Electoral Service through a list of 8,706 members of three regions of the southern zone. These lists cover the initial part of the registration process.

The party leadership is made up of the following members: Roberto Munoz Barros, president; Jorge Ibanez, secretary general; (Lorenzo Galleguillos), president of the Court of Honor; Senator Mario Papi; and Rene Abeliuk, who is also vice president of the Corfo [Production Development Corporation]. [passage omitted]

Law Reorganizes Duties of Secretariat General

PY0502141891 Santiago Radio Nacional de Chile Network in Spanish 1000 GMT 5 Feb 91

[Text] A law published in DIARIO OFICIAL establishes the reorganization of the government's Secretariat General. The law determines that the secretariat is to act as a government communications organization and to establish contact between the government and social organizations. The secretariat is also to monitor the government communications system and to act as the cabinet council secretariat.

Colombia

At Least 40 Killed in New Guerrilla Offensive

PA0502231791 Madrid EFE in Spanish 2111 GMT 5 Feb 91

[Text] Bogota, 5 Feb (EFE)—At least 40 people have been killed, more than 50 have been wounded, and 20 have been reported missing following an offensive conducted by the National Guerrilla Coordinating Board (CNG) in eight Colombian departments, according to a report on the public order situation released by military authorities in different Colombian cities.

The guerrillas carried out 12 attacks against oil installations and eight against the power system, which left 30 percent of the Atlantic coast and 46 municipalities in Antioquia and Meta Departments without electricity. They also burned 15 vehicles. The escalation of the guerrilla actions coincided with the opening of the National Constituent Assembly sessions, which began to draft a new constitution for Colombians today.

Spokesmen from the CNG—composed of the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN)—told radio stations that the massive attack was launched against the Constituent Assembly as a response against the bombing and military occupation of the major FARC camps and a protest against the government's economic policy.

The oil terminal of Barrancabermeja (Santander) was attacked in various fronts by the FARC and ELN, which carried out 11 terrorist actions against oil pipelines that link up with the refinery, located on the banks of the Magdalena River.

Clashes continue in the region and have extended to nearby neighborhoods, where preliminary reports say three guerrillas have been killed and three officers as well as 15 policemen have been wounded.

In Meta Department, the guerrillas blew up the Villavicencio-Bogota gas pipeline, two utility towers, a toll booth, and a bridge on the road leading to the capital as well as communication installations in the Ariari region, in the eastern plains.

A noncommissioned officer and three policemen were killed in the region, while at least 35,000 Bogota families are suffering from a lack of cooking gas. 26 Meta municipalities have no power, and communications have been cut off in 10 others.

Villavicencio, the capital of the department, has no water because the liquid is pumped by an electricity.

In Cesar (northern part of the country), in another CNG action, a captain was killed and seven soldiers were wounded when a Santander Battalion patrol was ambushed in San Alberto Municipality, in southern Cesar Department.

Seven guerrillas, one policeman, and one civilian were killed in clashes in Pajarito (Boyaca). In Cucuta (northern Santander), one policeman and one rebel were killed during a guerrilla ambush of a police vehicle.

In Cauca five soldiers and two policemen were wounded during two clashes near El Bordo.

In Antioquia one civilian was killed and 10 marines who were vacationing were kidnapped in the region of Bajo Cauca in the southern part of the department.

Also, an undetermined number of soldiers and guerrillas were killed and wounded during an attempt by the rebels to occupy the township of Florida (Valle) and in other attacks in different parts of that southwestern region of Colombia.

Seven persons were killed and four wounded in a bomb explosion which damaged an urban passenger bus that was traveling on the northern freeway.

In the same department three electricity towers were damaged, causing a power outage in a vast sector of the northern Coast of Colombia and part of Medellin.

Meanwhile, it was reported that two policemen who were kindpaped on Monday by guerrillas of the FARC were found dead today in Palmira Municipality (Valle) in the western Colombian region.

In Bogota an urban command, presumably of the FARC, stole 1,485 kg of dynamite from a depot in the southern part of the city and fled toward the mountains of Meta.

In Santander the FARC killed three peasants, burned a truck and a bus in Bolivar, and burned another one in the port of Barrancabermeja.

The guerrilla attacks coincided with the proposal made by the government of President Cesar Gaviria to the FARC and the ELN to engage in dialogue in or out of the country to put an end to the wave of violence that has shaken the country hours before the National Constituent Assembly is installed.

More on 'Unprecedented Offensive'

PA0602024791 Bogota Inravision Television Cadena 2 in Spanish 0011 GMT 6 Feb 91

[Excerpts] In the last 12 hours, the National Guerrilla Coordinating Board [CNG] has launched an unprecedented offensive and carried out 50 attacks from the north to the south of our country. Over 40 men—including soldiers, policemen, guerrillas, and civilians—were killed today. A total of 15 soldiers were kidnapped. These bloody actions were apparently provoked by the installation of the Constituent Assembly, from which the CNG feels excluded.

The bloody escalation by the CNG began when it took over the town of Pajarito, in eastern Boyaca. Seven guerrillas, one policeman, and one civilian were killed there. The Villavicencio-Bogota highway was blown up with dynamite in various parts. In another attack near (Guayobetal), the 26th and 27th FARC [Revolutionary Armed Forces of Colombia] Fronts killed three policemen and wounded six more. In Meta Department, the rebels blew up power and Telecom [National Enterprise for Telecommunications] towers. Battles raged early this morning near Granada and Dos Quebradas where six guerrillas were killed. The guerrillas also set on fire a truck that was carrying fuel along the (Casia)-Villavicencio highway.

The Cano Limon-Covenas oil pipeline and the Apiay-Villavicencio gas pipeline were also attacked today. According to Ecopetrol [Colombian Petroleum Enterprise], the FARC and the ELN [Army of National Liberation] have attacked the following targets in Santander and Norte de Santander Departments: twelve oil installations and one helicopter. They blew up one power tower in Cucuta, destroyed three buses in Tibu and one in Barrancabermeja, and attacked several police posts.

One of the most violent actions took place along the highway from Agua Chica to San Alberto in El Cesar Department, where a military truck was blown up with dynamite; six soldiers and one captain were killed. In El Cauca, southern Colombia, four trucks carrying food and six buses were set on fire. A power pylon was blown up in Totoro, and the police station in (El Estrecho del

Patia) was attacked. In Valle del Cauca, two cars were set on fire, and a truck carrying lumber to Buenaventura was attacked with gunfire, causing a traffic jam. It was reported a few minutes ago that new battles are taking place in El Putumayo and El Cesar, where more casualties are being reported. The CNG warned in anonymous messages that it will keep this nightmare alive until midnight on 7 February.

One of the most violent actions took place in Florida, very close to Cali. The CNG invaded the town, where there was a heavy battle with the authorities. At 0900 today, the 6th FARC Front stole six million pesos from the Bank of Bogota, while seven guerrillas travelling in a jeep ambushed a [words indistinct] near the Fraile River bridge. One policeman and one guerrilla were killed, two policemen were wounded, and one policeman was kidnapped by the rebels. The civilians witnessed a clash that lasted until noon, when the rebels left, heading for Cauca Department. [passage omitted]

In Taraza, Antioquia Department 11 infantry marines are missing, one policeman was killed, and seven large vehicles were burned. Taraza is between Medellin and the coastal area. In what it called "Operation Jacobo Arenas," a CNG column took over the town at 1800 yesterday. After blocking the highway and painting slogans on the walls, the guerrillas set on fire two restaurants, two trucks, three buses, and two private vehicles that were close to the (Purqui) River bridge. [passage omitted]

At 0400 today, the FARC and the ELN returned to the mountainous area of Bajo Cauca, Antioquia Department. They apparently took with them 10 infantry marines who were on leave and two members of the departmental government. The area known as (El Doce) has been a FARC bastion. Therefore, the Girardot Battalion stationed in the town this afternoon were waiting for reinforments of armored vehicles and more men in order to take up positions in the area.

All of these attacks by the CNG throughout the country are part of a plan to retaliate for the takeover of Casa Verde in La Uribe, Meta Department. It has been 20 hours since the attacks began in Taraza, but the Army has not arrived yet. Only a police patrol was sent, but it was ambushed and one policeman was killed.

In Barrancabermeja, ELN columns and FARC urban groups simultaneously attacked four fuel pipelines. At 0130 this morning, the terrorist attacks woke up the residents of Barrancabermeja. The guerrillas set up a roadblock on the road to Bucaramanga and set a COPETRAN Lines bus on fire. Just a few kilometers down the highway in a town called Patio Bonito, the rebels blew up the valves of the fuel pipeline that was carrying ACPM [expansion unknown]. In El Centro and (Lisama), the ELN blew up two towers. When a police truck was sent to repel the attacks, it was ambushed and one officer and four policemen were critically injured. To make matters even worse in this oil port, the Army began operations in the northeastern neighborhoods and fought with FARC urban guerrillas. Seven guerrillas were killed and several soldiers were wounded.

Seven Killed on Bus

PA0502151391 Bogota Radio Cadena Nacional in Spanish 1209 GMT 5 Feb 91

[Text] Seven people have been killed and four seriously injured during a terrorist attack on a bus that was traveling in Medellin, the authorities have reported. The official report says that unidentified terrorists activated the explosive device on the bus as it passed through the Tri-Centenario neighborhood in northern Medellin. The authorities explained that the explosive device contained approximately 20 kg of dynamite, buckshots and shrapnel; it was activated by remote control. Four of the dead victims have been identified as: Oscar Mario Alvarez, Jose de Jesus Agudero Carabid, Ovideo de Jesus Mendoza Jaramillo, and John Martin Garcia Osorio. Three of the four injured victims are at a Medellin hospital. They have been indentified as: Jaime Campo Jiron, Cecilia Agudero Ruiz, and Oscar Mario Zapata. The bodies of the other three dead victims were totally charred. The bus belongs to the National Transportation Cooperative of Antioquia. So far, no one has claimed responsibility for the attack.

Military on 'Maximum Alert'

PA0602135191 Bogota Radio Cadena Nacional in Spanish 1215 GMT 6 Feb 91

[Text] Bogota—Military and police forces have been placed on a state of maximum alert in view of the escalation of guerrilla violence throughout the country.

The Defense Ministry made the decision because of the intensification of terrorist actions over the past few hours. These actions have resulted in at least 41 deaths, including 12 policemen, seven soldiers, one civilian, and 21 FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] guerrillas.

According to official sources, the wave of violence has increased over the past few hours, affecting oil pipelines, electricity, transportation, and government buildings.

The bloodiest guerrilla actions took place between San Alberto and Aguachica in El Cesar Department, where a military convoy was attacked. The incident resulted in the death of Captain Tarcicio Coy Miller and soldiers Manuel Perez Perez, Eli Leon Lopez, Raul Garrido Arroyo, and Marvinson Pareso Trigo.

Army Commander General Manuel Alberto Murillo Gonzalez announced that security will be reinforced, particularly in public service facilities, because the guerrillas have threatened to continue sabotaging the electricity system and oil facilities to protest the non inclusion of the FARC and ELN in the national constituent assembly.

Gen. Murillo has asked citizens to support the Armed Forces and to reject with a nationalistic spirit the terrorist actions of subversive forces that have refused to accept mechanisms offered by the government to attain peace in our country.

Radio Station Attacked

PA0602142791 Bogota Radio Cadena Nacional in Spanish 1244 GMT 6 Feb 91

[Excerpt] [Passage omitted] New attacks have been reported in San Jose Del Guaviare. Eduardo Carrillo has a report.

[Begin Carrillo recording] The La Voz Del Guaviare radio station in San Jose Del Guaviare was attacked yesterday by the Revolutionary Armed Forces of Colombia [FARC] during their offensive. The transmitters and electricity plants were blown up, and the enterprise's watchman, Jaime Velasco, is missing. Apparently he was kidnapped by the rebels.

The watchman of the (Adalacuara) Corporation, which is located near the radio station's offices, was killed during the attack.

According to military reports, there were attacks at the airport and around the San Jose Del Guaviare municipality in general. The military authorities have reported that public order was restored minutes after the attack and that, although the situation is tense, operations are being conducted to counter the FARC's attack.

According to official reports from the national police, 12 policemen have died, another 15 are wounded, four policemen have been kidnapped, seven soldiers are dead—including a captain—and at least 12 marines have been kidnapped by the Simon Bolivar Guerrilla Coordinator. Also, 21 FARC, Army of National Liberation, and Popular Liberation Army guerrillas and one civilian have been killed.

Drug Traffickers Release Kidnapped Journalist

PA0602050191 Paris AFP in Spanish 0446 GMT 6 Feb 91

[Text] Bogota, 5 Feb (AFP)—Journalist Beatriz Villamizar, who was kidnapped by the Colombian drug trafficking mafia last 7 November, was released safe and sound in Bogota on Tuesday night, 5 February.

Speaking to the private Caracol radio station, the 45-year-old journalist, who was the chief journalist of the Cinema Promotion Society (Focine), said she was released by her kidnappers somewhere in Bogota, from where she took a taxi to her home in the northern part of the city.

Gaviria Opens, Addresses Constituent Assembly

PA0502190291 Bogota Inravision Television Cadena 2 in Spanish 1755 GMT 5 Feb 91

[Text] A new Colombia, with a multiracial, multiparty, and diverse social system, took over the nation's capitol a few minutes ago.

The most representative body Colombia has ever had began its work on drafting a new constitution. Here is some of the speech delivered by President Cesar Gaviria Trujillo:

[Begin Gaviria recording] I have tried to review in great detail the contents of the proposal presented by the government to the delegates and the country, however, I believe that we must not forget that this process was the result of a growing rejection of violence. The fact that Colombians have choosen the path of peace in order to make changes is also a categorical rejection of violent means, and an expression of our conviction that we are capable of producing great changes through an open and democratic process.

Millions of Colombians who last year voted on three historic Sundays achieved what the rebels never could and will never achieve. We can say without hesitation that nothing can be achieved today through an armed struggle. What we have obtained, and what we will obtain will be the result of the courage, determination and democratic faith of those who have decided to face the opposition to change with ideas as their only weapon.

Those who insist on terrorism will inevitably be left behind. They will became the agents of reactionary groups rather than those who advocate a change; they will continue to cling to their rifles; they will continue to participate in the blind violence which the whole nation rejects—while it generously receives the members of those groups who, until recently, participated in the war but today have decided to walk, without looking back, along the road toward a reconciliation. [end recording]

Government Decree No. 303 Said 'Too Benevolent'

PA0502164191 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 4 Feb 91

[Text] Controversy over Decree No. 303, the government's most recent decree encouraging the surrender of drug traffickers, has continued. Critics feel that this decree is too benevolent, however, the government maintains that the changes in it are of form and not of substance.

In September, Decree No. 2047 established lower sentences and no extradition for drug traffickers who surrendered and confessed. In December, Decree No. 3030 guaranteed that there would be no extradition during the detention period for any crime, even if this crime was not confessed. The day after this decree was issued, Fabio Ochoa Vasquez surrendered, as did his brother, Jorge Luis, a few days later.

Four days after the murder of Diana Turbay, the government issued Decree No. 303, extending the benefit of lower sentences to crimes committed even on the day a criminal surrenders. This was when trouble began.

Antonio Caballero reported in EL ESPECTADOR today that the drug traffickers are winning. He added that they keep offering less and keep receiving more in exchange. Many lawyers are quietly commenting that the government has gone too far in its benevolence.

Justice Minister Jaime Giraldo says, however, that the policy remains intact and that only minor aspects have been changed.

[Begin Giraldo recording] The government policy was established at a time when there was no pressure. It was established as a discretionary action of the Colombian state. Many requests for pardon and amnesty have been made. The government has never heeded these requests and never will. [end recording]

The truth is that, so far, the government has had to issue three state of siege decrees to get four major figures to surrender, one of whom was even set free by a judge's ruling.

Cost Details of Government Peace Plan Reported

PA0502183791 Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 3 Feb 91

[Text] The "7 Dias en el Mundo" newscast has had exclusive access to itemized details of what the government plans to spend on making peace with the EPL [Popular Liberation Army]. The subsistence to be paid to fighters who turn in their weapons on 1 March amounts to 150 million pesos per month for six months. Peace has its costs. To begin with, the government outfitted five EPL camps with tents, barracks, and bunks, plus recreation and educational supplies for nearly four months. The big expense will come, however, when this guerrilla group rejoins civilian life. The government will back the creation of a foundation to handle the funds. Once the EPL becomes a political party, the government will supply them with five houses: two in Bogota, one in Medellin, one in Bucaramanga, and one in Monteria. For upkeep, the EPL will receive 4 million pesos for three months.

During the final stage of the process, five television programs of approximately 500,000 pesos each will be financed. These television programs will be supplemented with full-page advertisements in five of the country's main newspapers—this will cost approximately 15 million pesos.

Once it comes time for the EPL make public their political proposal, the government will rent the convention center together with all the necessary equipment. The former guerrillas will receive return airfare to Bogota and 10 international delegates will receive paid room and board. In addition, a subsistence allowance will be paid to former fighters, which adds up to 150 million pesos per month for six months. So far the bill totals 2.5 billion pesos.

The government will also sponsor a farm training program and each guerrilla will be entitled to a 2 million peso loan, with two years to repay interest free. A special fund for higher education will be instituted at the Colombian Institute for Promotion of Higher Education.

Security will have costs that have not yet been calculated, but which will surpass 500 million pesos. The guerrillas will be issued 10 armored cars, 24 bullet-proof vests, and will use DIJIN [Directorate of Judicial Police and Investigations] bodyguards.

These expenses will be paid for from Peace Fund coffers. The government can justify the expense. After all, the destruction of helicopters and the deployment of battalions to fight guerrillas incurs costs that will be difficult to avoid as long as more belligerent guerrilla groups such as the ELN [Army of National Liberation] and the FARC [Revolutionary Armed Forces of Colombia] continue their attacks against institutions.

Government Sets Parameters for Talks With Rebels

PA0502041291 Bogota Inravision Television Cadena 2 in Spanish 0000 GMT 5 Feb 91

[Text] The government has established the parameters that will regulate a new process of dialogue and peace with the FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation].

In a letter sent to the peace commission of the Chamber of Representatives today, presidential peace adviser Jesus Antonio Bejerano pointed out the following:

The national government continues to be willing to hold a dialogue and accepts the possibilities for an international inspection, but not for mediation. The government is also willing to reconsider the procedures for the peace initiative, and the mechanisms for putting an end to the hostilities must be discussed without this entailing the withdrawal of the Armed Forces from certain areas of the nation without the corresponding verification. The government is also willing to hold meetings abroad with the FARC and the ELN in order to discuss these mechanisms.

Ecopetrol Adopts Measures To Control Oil Spills

PA0502225891 Madrid EFE in Spanish 0741 GMT 3 Feb 91

[Report by Roberto Rojas Monroy]

[Text] Bogota, 3 Feb (EFE)—As a result of terrorist actions, Colombia has gradually become a leading country in adopting measures to control inland oil spills.

In January 1991 alone, Colombian guerrilla groups carried out 34 attacks against the country's oil facilities. Oil

pipelines, multi-purpose pipelines, gas pipelines, pumping stations, and equipment used to control the flow of crude oil to the various parts of the country were the targets of rebel attacks.

In mid-1990, actions carried out by guerrillas of the Marxist Army of National Liberation (ELN), who are responsible for most of the sabotages, affected Latin America's largest natural marsh in Zapatosa, in northern Colombia. The Zapatosa disaster tested the effectiveness of Ecopetrol's [Colombian Petroleum Enterprise] contingency plans. In eight months—in an unprecedented action—that state-run enterprise managed to repair the system so that it operated at its full capacity.

Since 1986, when Ecopetrol inaugurated the country's main oil pipeline from Cano Limon to Covenas, which is 780 km long, it has suffered more than 150 bomb attacks. According to Ecopetrol statistics, the sabotages against the main oil pipeline have caused the spilling of more than 650,000 barrels of crude oil. The damage, however, is more ecological than economic. Some 200,000 barrels were recovered during the same period while some of it evaporated, was consumed by fire, was spread out, or went into streambeds and cultivated areas.

The Cano Limon-Covenas pipeline, which is almost 800 km long, passes through regions of vital importance for Colombia's agro-economy. Those regions include the basins of the Arauca, Catatumbo, and Magdalena Rivers, and a great number of sub-basins that have been affected by sabotage actions on several occasions.

These emergencies forced Ecopetrol to create contingency brigades, which have simple technology and which have had excellent results. In order to face the emergencies, in the past 30 months Ecopetrol has created 26 control fronts, which are strategically located along the Cano Limon-Covenas pipeline and other minor lines.

In order to face any emergency, all control centers have specialized squads of operators and technicians with containing equipment, floating barriers, dispersing equipment, trucks, electrical plants, boats, and helicopters.

The centers are also equipped with other tools such as shovels; wire meshes; plastic canvases; and cables, hoses, and special gear for frogmen.

Each time the alarm sounds—three times last January—the control center closest to the site of the attack is fully mobilized. The center immediately begins to control and recover the crude oil in the affected areas—on land or in water.

According to Ecopetrol, Colombia is currently capable of recovering by land up to 5,000 barrels of oil per hour. No other enterprise in the world can do this.

Reportage on Jaramillo Visit to France

WA0602165791

For reportage on the visit by Foreign Minister Luis Fernando Jaramillo to France, including reports on his talks with French Foreign Minister Roland Dumas, please see the France section of the 5 February West Europe DAILY REPORT and subsequent issues.

Ecuador

Public, Private Activities Suspended 6 Feb

PA0502235491 Quito Radio Quito in Spanish 2304 GMT 5 Feb 91

[Text] The president of the Republic has issued an executive decree suspending public and private activities on 6 February. The presidential decree notes that the workers' strike could cause actions of vandalism as has occurred on previous days. These actions are a threat to humans lives and to public and private property. Thus, all activities in the country have been suspended. Presidential Information Secretary Rodrigo Hernandez reported the following:

[Begin Hernandez recording, in progress] ...[words indistinct] in accordance with the Constitution's rulings that require internal order to be maintained [words indistinct] with adequate measures and empowered by Article 78, Paragragh D of the Constitution and Article 23, paragraph three of the economic and public spending control law, decrees:

Article 1. To suspend labor activities in the public and private sectors on Wednesday, 6 February 1991.

Article 2. The public institutions and each company in the private sector will determine a schedule to make up for the time lost during this working day. The private sector will not be required to pay overtime for these hours.

Article 3. The public services, such as hospitals, rural and urban health clinics, firemen corps, and others which render services that cannot be interrupted, will operate on their normal schedule on Wednesday, 6 February.

Article 4. The cabinet ministers are responsible for the implementation of this decree and the decree is to be officially registered.

At the National Palace in Quito on 5 Februry 1991
Signed Rodrigo Borja, president of the Republic [end recording]

President 'Concerned' About 6 Feb Workers' Strike

PA0602000791 Quito Radio Quito in Spanish 2308 GMT 5 Feb 91

[Text] President Rodrigo Borja is concerned about the workers' strike scheduled for 6 February. He said that

forceful measures do not solve any problem, but rather worsen it. He added that he will not meet with any group unless there is a change of attitude, and he stressed that there are no plans to impose a state of emergency in the country.

[Begin recording] [Borja] I think that strikes do not solve anything, but rather they worsen the nation's problems. Our country needs to produce, and people must work in order to produce. Work is the source of wealth in individual, family, and national life. If people do not work, there is no production, and if there is no production, there is national stagnation.

I am very concerned about the workers abusing the right to strikes and stoppages. These actions go against the people and are condemned by the majority of Ecuadoreans. These actions do not lead to anything and do not help solve any problems. On the contrary, strikes and stoppages worsen these problems.

[Reporter] When will the government sit down to talk with the workers?

[Borja] We will talk with the workers when they set aside their forceful measures. I will not talk with any group or persons as long as they are implementing forceful or violent measures.

[Reporter] Are you going to declare a state of emergency?

[Borja] No, we have no plans to declare a state of emergency.

[Reporter] [Question indistinct]?

[Borja] I do not understand your question.

[Reporter] I say that the country is experiencing a crisis, and no one has proposed any solutions. What are the government's plans for the forthcoming years?

[Borja] I am thinking about the forthcoming minutes, not the forthcoming years. The opposition is constantly criticizing the government's economic measures, but it does not present any alternatives or specific measures. I am not referring to general issues. The opposition must specify where, how, and how many alternative measures it has to propose to the country. [end recording]

Union Leader Says All Is Ready for Strike

PA0602003191 Quito Radio Quito in Spanish 2310 GMT 5 Feb 91

[Text] Everything is ready for the 6 February national strike, which will have a combative nature, Edgar Ponce, current president of the Sole Workers Front, has said.

He said that there is anger over the most recent economic measures adopted by the regime and for the economic policy that has brought about anguish to the country.

Ponce said that they will not only demand a repeal of the economic measures but will also try to stop the new, unfair economic package that the government is preparing to announce during carnival time.

Ponce said that the strike will be a complete success because there is displeasure among all segments of the country's population. He added that all social segments of the population will support this measure and voice their rejection of the regime's unpopular measures.

Dissident Rebels Claim Responsibility for Killings

PA0402161791 Madrid EFE in Spanish 0101 GMT 3 Feb 91

[Text] Quito, 2 Feb (EFE)—Dissidents of the "Alfaro Lives, Dammit" (AVC), an Ecuadoran guerrilla group that has not surrendered its weapons or moved to become a political party, have claimed responsibility for an attack in which two subversives and one policeman died, it was reported today.

Three morning newspapers in Guayaquil, where the event occurred on 31 January, disclosed today that they had received telephone calls from a woman who claimed that she belonged to the previously unknown "Historical Commando" of the AVC.

The woman emphasized that she was speaking on behalf of the group's leadership, which, early in 1989, reached an agreement with Ecuadoran President Rodrigo Borja's social democratic government to end their armed struggle and surrender their weapons, an event that will occur in a few weeks.

The morning newspapers, EL TELEGRAFO, EL UNIVERSO, and EXPRESO, also added that the anonymous caller mentioned that the late subversives Eddy Aragundi Alvear and Julio Rodriguez had been uninjured at the time of their arrest.

Paraguay

Former PDC Leader Views Democratic Life

PY0502235891 Asuncion NOTICIAS in Spanish 3 Feb 91 p 5

[Text] Appraising one more year of the democratic transition [which began with the 3 February 1989 coup], Dr. Jorge Dario Cristaldo—former chairman of the Christian Democratic Party (PDC)—has said that in general, the process is positive because it has opened the country to a free, pluralist, and open political life, which is very positive after the Stroessner regime experience.

"General Rodriguez's proposals for the democratization of the country, however, are facing a series of obstacles resulting from lack of experience and from the citizens' lack of civic maturity," Cristaldo said. He added: "The main obstacle, however, is the egocentric attitude with which the highest-ranking members of the traditional political parties are managing the process."

He said that the Colorado Party members seek to prove that they have had no links with the Stroessner regime and that the privileges and advantages of power must remain in their hands. He also pointed out that an authoritarian civilian sector continues to handle the state administration and that members of this sector take economic advantage of their positions.

Regarding the Authentic Radical Liberal Party (PLRA), Cristaldo said that their proposals are no different from those offered by the Colorado Party because there is an evident lack of definition regarding economic and social issues. He said that the economic and social issues are the most serious, issues with which the nation has had to cope since the coup.

Cristaldo also emphasized that it is evident that the traditional parties are willing to open themselves to all political ideologies. He said that this can be seen through the adoption of the Electoral Code which is being handled indiscriminately by members of the Colorado and Liberal Parties.

Opposition Leader Evaluates Transition

PY0502180391 Asuncion NOTICIAS in Spanish 3 Feb 91 p 5

[All quotation marks as published]

[Text] Domingo Laino, leader of the Authentic Radical Liberal Party (PLRA), has said that the country continues to move in a positive direction two years after the February 1989 coup that initiated the democratic transition.

Regarding the political situation Laino said: "We have made substantial progress but we have yet to overcome a deficit in the social area. The opposition senator commented on aspects that must be considered if we are to achieve social justice in the country. He said: We must face those problems, the great social inequalities, with sensitivity but without ever resorting to repression to answer the challenge.

Laino, a man with an important past in the struggle against the dictatorship, talked about the Armed Forces' role in the transition period. Laino recalled that former Uruguayan President Julio Maria Sanguinetti said that a transition can never be carried out against the will of the military. Laino stressed: "I want to add that the military should also realize that they cannot carry out a transition against the will of the civilians or the politicians. The military, the political parties, and everyone else should continue the policy of dialogue that began two years ago with the February coup."

Laino said: "Political freedom and democratic processes cannot be consolidated while there are great social inequalities. This is why we must consider respect for political freedom and human rights, and at the same time formulate a policy for wealth redistribution and seek better social justice."

Laino also talked about the need to disband all regressive tendencies that still remain in the government and that pose a barrier against implementing and consolidating higher objectives that will benefit the entire Paraguayan people.

Argana Calls For Tolerance, Criticizes Government

PY0502175291 Asuncion HOY in Spanish 4 Feb 91 p 12

[By special correspondent in Encarnacion]

[Excerpts] In direct response to President Andres Rodriguez' prohibition against members of the previous dictatorship resuming political activities, Luis Maria Argana said they must resume political activities "because there must be political tolerance. We must be tolerant of everyone, even if they do not agree with us, because this is the central meaning of democracy and it will not be strengthened by authoritarian decisions."

Argana made these comments during a ceremony to close the election campaign of National Republican Association (ANR) candidate Lorenzo Garcia, who is running for mayor as a candidate of the ANR "autonomous" faction.

In another part of his speech, Argana emphasized that they [not further specified] will not compromise with "orders from above" that are the result of a "despotism that only destroys." Referring to Education and Worship Minister Angel Roberto Seifart, whom he charged with resorting to "systems used during the previous regime and with trying to pressure ANR members to adopt positions that go against their conscience." He added that "leaders cannot be created through decrees." [passage omitted]

Argana then commented on the February 1989 coup, which "was a civilian-military coup." He added: "History shows us that military movements that are not supported by the people are not important and have never transformed or dignified any people."

Addressing a large number of people who had gathered at Quiteria Park in Encarnacion, Argana said: "The ANR's traditionalist faction supported the coup because long before the coup took place, the faction was already creating a consciousness of citizenship, rejecting all types of authoritarianism." [passage omitted]

Peru

U.S. Embassy Facility Attacked; Several Wounded

PY0502184091 Lima RTP Television Network in Spanish 1825 GMT 5 Feb 91

[Text] We have a last minute report. A subversive attack was staged a few minutes ago near the 48th block of Arequipa Avenue. According to the first police reports, the target of the attack was a U.S. Embassy facility where

embassy security vehicles are kept. Thus far, several people have been reported wounded, two private vehicles set on fire, and an Enatru [National Urban Transport Enterprise] bus damaged. We will expand this report later in our newscast.

Two Killed by Blast

PY0502190491 Lima RTP Television Network in Spanish 1850 GMT 5 Feb 91

[Text] We have a last-minute report. Two people were killed by a powerful dynamite bomb that exploded in the 48th block on Arequipa Avenue. The incident occurred a few meters from the Police Health Unit headquarters and from the headquarters of a security company—(Pesevisa) [Peruvian Security and Vigilance Enterprise]—which renders security services to the U.S. Embassy. The police have identified the dead as Agustin Riquelme, 42, and Jose Davila, 56. The explosion damaged at least three vehicles and an Enatru-Peru [National Urban Transport Enterprise] bus, shattering windows in several stores and private houses.

MRTA Claims Responsibility

PY0502212691 Madrid EFE in Spanish 2043 GMT 5 Feb 91

[Excerpt] Lima, 5 Feb (EFE)—According to official sources, the bomb attack against vehicles belonging to a security enterprise that serves the U.S. Embassy in Peru today caused three deaths and seven injuries.

At 1700 GMT, activists of the communist Tupac Amaru Revolutionary Movement (MRTA) guerrilla group threw explosives at the security vehicles parked on Arequipa Avenue, 200 meters from the Miraflores police precinct in downtown Lima.

Pamphlets left during the attack indicate that the MRTA claims responsibility for the attack. The MRTA has, since the beginning of the Persian Gulf war, systematically attacked U.S. interests in Lima.

According to unofficial sources, at least one of the three dead is an agent of the Peruvian Security and Vigilance Enterprise (Pesevisa), which has contracts with the Governments of the United States and Canada.

The explosion destroyed two vehicles belonging to the U.S. Embassy and damaged a bus that was going through the neighborhood. [passage omitted]

Details of Attack Given

PY0602024291 Lima RTP Television Network in Spanish 0100 GMT 6 Feb 91

[Excerpt] Miraflores District has again been shaken by a terrorist attack. Forty kg of dynamite exploded in front of a security company building in the 48th block of Arequipa Avenue. Three people died and several others were injured as consequence of this attack. The building of the security company which serves the U.S. Embassy and three cars were damaged by the explosion.

Miraflores was shaken again when approximately 40 kg of dynamite exploded in front of the (Pesevisa) security company which serves the U.S. Embassy. Two guards and a medical assistant died, and at least six people were injured by the explosion. According to some reports, MRTA [Tupac Amaru Revolutionary Movement] terrorists allegedly arrived at the place in a vehicle from which they hurled the dynamite charge. When one of the guards realized this, he tried to pick up the charge and throw it back, but it exploded and he was blown to bits. Parts of his body were found at least 30 meters away.

The company building and three cars, one of which was a diplomatic car, were destroyed. An Enatru-Peru [National Urban Transport Enterprise] bus which was traveling along Arequipa Avenue was also damaged. It is known that the terrorists fled after having thrown pamphlets about the armed struggle and against the allied intervention in the Persian Gulf. [passage omitted]

MRTA Attacks Truck Carrying Gas Bottles

PY0502150091 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1100 GMT 5 Feb 91

[By Manuel Pena Lazacho]

[Text] MRTA [Tupac Amaru Revolutionary Movement] subversives, with their faces covered by balaclavas and carrying rifles, attacked a truck loaded with gas bottles in Lima's Surco District. According to police, the gas bottles will be used to carry out new attacks in our capital.

The attack involved a yellow Chevrolet truck, owned by the Solgas [expansion unknown] Distributor Company, that was traveling on Los Talleres Avenue, carrying 70 gas bottles. Four individuals, armed with FAL rifles, suddenly intercepted the truck at the intersection of Los Talleres Avenue and Ayacucho Avenue. After threatening the driver and his assistants, the attackers quickly fled toward (Tomas Marzano) Avenue.

Police Find 'Arsenal' Inside Car in Miraflores

PY0502153591 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1100 GMT 5 Feb 91

[Text] Following the discovery of a car loaded with arms and war materiel on Tacna Avenue four days ago, a similar vehicle has been found in Lima's downtown Miraflores District. Inside the vehicle, police found a true arsenal that was apparently to be used in terrorist attacks in the next few hours.

The watchful eye of a guard who suspected that the car was going to be used as a car bomb against a bank allowed bomb squad experts to find the arms and prevent another seditious attack. Under the vehicle's rear seat the policemen found an MPG submachine gun, a 9-mm Beretta pistol, a 9-mm Browning pistol, two

.38-caliber revolvers, two hand grenades, and ammunition of assorted calibers for the arms.

On 31 January, police discovered a Toyota carrying another cache of arms and grenades. The car was parked on Tacna Avenue in front of the Tacna movie theater.

Five Terrorists Killed in Clash in Huanuco

PY0602025091 Lima RTP Television Network in Spanish 0100 GMT 6 Feb 91

[Text] Five terrorists were killed by a military patrol of the Ucayali front in an armed clash with a terrorist column that took place near Pozuzo District, Puerto Inca Province, Huanuco Department.

Venezuela

Airline To Be Sold as Part of Privitization

PA0402131991 Madrid EFE in Spanish 1649 GMT 3 Feb 91

[Text] Caracas, 3 Feb (EFE)—Herbert Torres, minister of the Venezuelan Investment Fund (FIV), announced today in Caracas the sale of Venezolana Internacional de Aviacion (VIASA), the main airlines of the country. Torres announced that the government will sell VIASA sometime later in the year, although he did not specify who the future buyers would be; the Venezuelan airlines covers many international routes.

Torres added that the sale of VIASA is part of the Venezuelan Government's privatization of state enterprises. This process is designed to provide the country with more efficient and productive enterprises in a more disciplined market based on profits. He also emphasized that the privatization will allow a more equitable distribution of wealth because in many cases the workers and people holding small savings will be shareholders.

Torres pointed out that with this process, the state will have more resources to allot for priority projects, such as health, education, and public security. He concluded by saying that in addition to strengthening civil society, privatization represents an advancement in the democratization of capital and wealth.

Guyana

OAS Willing To Observe Elections if Invited

FL0502224291 Bridgetown CANA in English 2101 GMT 5 Feb 91

[Text] Castries, St. Lucia, Feb 5, CANA—The Organisation of American States (OAS) on Tuesday said it was willing to send observers to forthcoming general elections in Guyana, if invited to by the government there.

OAS secretary general Joao Clemente Baena Soares told reporters here that according to the policy of the hemispheric body, "the government of the country should ask us to come. You know that we are present in many countries for the observation of their elections...but the essential condition is for the governments to invite us."

Asked whether he had been invited by Guyana, the newest member of the hemispheric body, the OAS secretary general replied: "Not yet, I have not received any invitation from them." Guyana is due to hold elections this year, and is expected to have observers from the Commonwealth and a team headed by former U.S. President Jimmy Carter.

Baena Soares, who is due to leave here on Wednesday to attend the inauguaration of the new Haitian president, Jean Bertrand Aristide, would not be drawn into comments on alleged electoral and human rights abuses in Guyana. "I do not have any contact with the Guyanese authorities on that matter. They came to the OAS, they are beginning to participate in the matters of the Permament Council, but I did not discuss this matter of elections with them...." He said regarding the human rights issue, the OAS would discuss any such matter "within the jurisdiction of the Inter-American Commission for Human Rights."

However, the OAS official in a comment on the Christmas Eve coup in Suriname said that he hoped "they will decide on a precise date for elections there. I hope they will be able to invite the OAS to observe the elections there. I think this is a way for Suriname to respond to some of the concerns of the inter-American community on what happened there".